



SEC Form ADV Part 2A  
“Brochure”

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**This brochure provides information about the qualifications and business practices of Excel Securities & Associates. If you have any questions about the contents of this brochure, please contact us at 585-424- 1234 or [excel@excelsecurities.com](mailto:excel@excelsecurities.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 Excel Securities & Associates, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

This section of the ADV Part 2A Brochure is meant to describe any material changes relating to Excel Securities & Associates, Inc. (referring to herein as “Excel,” “Company” “Advisor” or “Firm”) that Clients should be aware of since the last update of this brochure dated March 27, 2019. Excel wants to make you aware of the following material changes:

- This brochure was updated to reflect a change to Item 8: Methods of Analysis, Investment Strategies and Risk of Loss section in connection with additional risks inherent in investing.
- This brochure was updated to reflect a change to Item 12: Brokerage Practices section in connection with the custodians and brokers we use related to clients holding assets in brokerage accounts and performance reporting.
- This brochure was updated to reflect a change to Item 13: Review of Accounts section in connection with consolidated reports offered to clients. In addition, we updated our regulatory assets under management in Item 4.

Additional information about Excel is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Excel who are required to be notice filed as investment adviser representatives of Excel.

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# Advisory Business

## History

Excel Securities and Associates, Inc. (hereinafter, “Excel”) has been engaged in investment related business since 1978. Since 1985, Excel has been a registered broker-dealer regulated by the SEC and FINRA. In 2008s, Excel became registered with the SEC as an investment adviser. Since that time Excel has continued to expand its Advisory offerings and have continuously enhanced our ability to meet the standard of care mandated by the 1940 Investment Advisers Act. It is important to understand that Excel acts as the Broker Dealer of record for all accounts that leverage our advisory offerings.

## Principal Owners

Excel is structured as a New York corporation with Joseph Lanzisera as the principal owner.

## Advisory Services Offered

Excel currently sponsors three programs.

- FB Advisory
- Managed ETF Portfolios
- Morningstar Managed Portfolios

The FB Advisory program is offered in three variations referred to as version 1, version 2, and version 3. Program versions 1 & 2 are discretionary offerings and version 3 is a non-discretionary offering. Program version 1 is a wrap program while versions 2 & 3 are not wrap program offerings.

The Managed ETF Portfolios are a fully discretionary wrap program which leverages publicly available research provided by third parties in the creation and management of the program portfolios. Excel allocates client assets to the selected model.

The Morningstar Managed Portfolios are a discretionary wrap program which is sub-advised by Morningstar Investment Management. Excel Securities pays Morningstar a licensing fee and Morningstar in turn provides Excel the portfolio composition for each model. Excel allocates client assets based on information provided by Morningstar for each model.

## Advisory Program Categories

### Discretionary

An account that Excel, or its portfolio manager, exercises control over the investment account with respect to the asset mix, investment vehicles, quantity, and timing of investment actions. The basis of investment decisions are the client’s investor/financial profile. The financial profile is derived from client completed questionnaires and personal interviews. The Financial Profile is a reflection of the client’s current financial picture and may be forward looking. The client’s investment profile and objectives are discussed regularly with each and changes are memorialized in written documents.

Before granting discretionary authority over your account(s), clients should thoroughly read this brochure, the brochure of any third-party managers being recommended, as well as the brochure supplements of the Excel personnel being granted discretionary authority, if any.

### Non-Discretionary

An account that the account owner retains complete investment management responsibility, control and authority. The only

non-discretionary advisory offering available to new customers is program FB version 3 (FBv3).

## Advisory Program Types

### Wrap Fee Programs

Clients electing a wrap fee program are charged an advisory fee expressed as an annual percent of their account value. These fees are billed monthly in advance and include the cost of Advisory services, all transaction costs, and performance reporting. In addition to the billed monthly advisory fee, wrap accounts may encounter additional expenses resulting from the internal expenses of mutual funds and related investment types. The Managed ETF Portfolio accounts are subject to confirm and statement paper surcharges equal to 75 cents per confirm and statement. These fees can be avoided by electing electronic delivery of these items.

### Non-Wrap Fee Program

Clients electing a non-wrap fee program are charged an advisory fee expressed as an annual percent of their account value. These fees are billed monthly in advance and include the cost of Advisory services only. Additional billed expenses will include transaction costs, related regulatory fees, and paper surcharges for statements, transaction confirmations (paper surcharges can be avoided by electing electronic delivery), and custodial fees for qualified retirement accounts. Potential non-billed additional expenses can result from the internal expenses of mutual funds and related investment types.

Each of our wrap fee program offerings are more fully described in a separate brochure.

Determining which program category and program type is most appropriate for your needs is best accomplished by analyzing your client profile information with your Excel representative. Providing complete and accurate client profile information is essential to this process. Clients should take care to see that they have provided Excel all requested information, and that Excel is promptly made aware of material changes to the data as they arise.

## Portfolio Management Services

The methods employed for account management do not differ based on the type of account chosen. Both wrap and non-wrap programs employ the same methods of customer profiling and leverage the same profile scoring methodology to determine a recommended asset allocation. The differentiating factor between these two account types is how the cost associated with certain account activities is billed. When using a wrap account, a portion of the fee collected is retained by Excel to offset the costs of transaction fees and other operational expenses. When using a non-wrap program these costs are billed directly to the client account. Because the cost of these items can be variable the client may want to explore the cost effectiveness of each program type.

Certain wrap fee offerings are not available as a non-wrap program due to the use of third-party managers for the delivery of management services. For a complete description of our various wrap fee programs please refer to the separate wrap fee program brochure.

## Discretionary Breakdown

Effective December 31, 2019, Excel manages \$188,744,462 on a discretionary basis, and \$84,041,047 on a non-discretionary basis.

## Selection of Manager

The various Advisory offerings available through Excel require the selection of an account manager. The account manager is either the Investment Advisor Representative (IAR) who has the relationship with the client, or a third-party manager selected with the assistance of the Investment Advisor Representative (IAR) from a list of approved managers made available by Excel.

## Fees and Compensation

Fees paid to Excel are exclusive of all custodial fees, including IRA maintenance fees, overnight fees for check delivery, or additional fees for special statement generation. There may also be brokerage commissions and transaction costs paid to the client's custodian, brokers, or other third-parties, as well as any fees and taxes on brokerage accounts and securities

transactions. Please read the section entitled "Brokerage Practices," which follows later in this brochure, for a description of factors, including brokerage costs, which we consider when selecting or recommending client transactions. Fees paid to us are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). As a result, clients pay both a management fee to us, as well as, to the investment manager of the underlying mutual fund, ETF, or other investment pool. The client should review all fees charged by funds, brokers, Excel, and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Excel collects fees from all FB Advisory program accounts expressed as an annual percentage of client assets and billed monthly in advance. Excel collects fees from all MAC Advisory program accounts expressed as an annual percentage of client assets and billed quarterly in advance. Fees charged will vary depending on the program category, program type, and the value of the account.

**Maximum Customer Fee**

<b>Household Asset Level</b>	<b>FB Advisory Version 1</b>	<b>FB Advisory Version 2</b>	<b>FB Advisory Version 3</b>	<b>METF</b>	<b>Morningstar Portfolios</b>
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Minimum Annual Fee	\$204	\$0.00	\$0.00	\$204	\$204
First \$500,000	1.500%	1.25%	.75%	1.500%	1.3%
Next \$500,000	1.45%	1.20%	.70%	1.45%	1.3%
Next \$1 million	1.40%	1.15%	.65%	1.40%	1.25%
Next \$3 million	1.35%	1.10%	.60%	1.35%	1.25%
Next \$5 million	1.30%	1.05%	.55%	1.30%	1.20%
Above \$10 million	1.25%	1.05%	.50%	1.25%	1.20%

## Account Billing

Advisory fees are deducted from client accounts monthly in advance. Clients are not able to elect alternate billing methods. We may, at our discretion, make exceptions to the foregoing or negotiate special fee arrangements where we deem it

appropriate under the individual circumstances.

## Additional expenses FB Advisory version 2 & 3

- Advisory clients electing FB Advisory version 2 or 3 program will incur brokerage transaction costs as per the table below.

Type of Transaction	Transaction Charge
Stocks, Mutual Funds, Options & ETFs	\$19
Mutual Fund (exchange)	\$5

- FB Advisory “version 2 & version 3” accounts will be subject to paper delivery surcharges. For each statement and/or confirmation printed and mailed to the client, there will be a 75-cent fee imposed. Clients can avoid the paper surcharge fee by enrolling in electronic delivery of these documents.
- FB Advisory “version 2 & version 3” accounts can leverage the Pershing Fundvest platform which allows program accounts to buy, sell, and exchange nearly 7000 load and no-load mutual funds from more than 300 fund families without incurring any transaction fees. Purchases must meet a minimum dollar threshold of \$2500, and a holding period of three months to be eligible for the fee waiver. Program accounts that purchase Fundvest participating funds and liquidate the same shares prior to the minimum holding period will be subject to a short-term redemption fee of \$50 per occurrence.

## Additional Expenses

Tax qualified Advisory accounts will be subject to annual IRA maintenance fees equal to \$43.50 unless a mutual fund only election has been made in which case the annual fee will be \$12.

## Advisory Fee Adjustments & Refunds

In the event a Mac Advisory program account terminates during the quarter, any remaining unused advisory fees will be calculated and returned to the client account. Effective January 1, 2014 no adjustments are made to FB Advisory program accounts or Managed ETF Portfolio accounts for deposits, withdrawals, or terminations. There is no billing adjustment made for deposits, withdrawals, or termination fees applied to the Morningstar Managed Portfolios program accounts.

## Additional Compensation

Neither Excel Securities or its associated Investment Advisor Representatives receive additional compensation related to the advisory services offered or the securities held in any advisory account.

## Other Marketing Assistance

Excel does not receive marketing assistance of any form or amount from anyone.

## Purchases through non-affiliated agents

Excel does not offer any proprietary products and all of the recommended investment products can be purchased through other non-affiliated brokers and agents outside of the Excel advisory programs. The total cost of these investment products purchased outside of the advisory programs may be more than or less than the cost of purchasing within the advisory program. Effective comparison of these costs must attempt to determine certain forward-looking information such as holding periods, frequency of exchanges, breakpoints, ticket charges, and other miscellaneous fees and charges that may be encountered when transacting outside of the advisory program.

## Performance – Based Fees

None of Excel's advisory programs charge fees based on account performance.

## Types of clients

Predominately, Excel provides investment advisory services to individuals and trusts.

## Methods of Analysis

### FB Advisory Program

The methods of analysis for the FB Advisory program may vary based on the different techniques employed by each Advisor Representative. Predominately, FB Advisory portfolios utilize a diverse set of mutual funds to reach the desired asset allocation. Third party analysis tools are commonly used to assess the quality of investment products being recommended. Asset allocation recommendations are derived from the scoring of client responses to profile questionnaires. Initial portfolio recommendations and subsequent reviews of all accounts are evaluated using universal portfolio allocation models. Some advisor representatives have developed and refined unique methods of identifying attractive investment opportunities. Each of these methods employs filtering of quantifiable characteristics to identify potential investment selections. Clients should review the Investment Advisor Representatives' specific brochure supplement (ADV Part 2B) and ask questions until they are comfortable with the style and levels of risk associated with their investment portfolio. All investments involve risk of loss, and clients should understand the range of most likely outcomes associated with their portfolio and be prepared to bear the risk.

### MAC Advisory program (Closed to New Accounts)

MAC Advisory program has been closed to new investors since 4/1/18. The Mac Advisory program offers two unique options, both discretionarily managed by Lockwood Advisors.

### Asset Allocation Portfolios (Closed to New Accounts)

Using the client profile to identify an appropriate portfolio allocation from five possible portfolio models I through V. Model I is the most conservative with Model V being most aggressive. Lockwood Advisors employs their own research methods to maintain the allocation mix and investment selections within the portfolios. These portfolios are primarily made up of Exchange Traded Funds so that portfolios have a great deal of transparency and are typically of lower cost due to the low internal expense ratios associated with the exchange traded funds. All investments involve risk of loss, and clients should understand the range of most likely outcomes associated with their portfolio and be prepared to bear the risk.



## Advisor Flex Portfolios (Closed to New Accounts)

Utilize an objectives-based strategy for identifying the appropriate portfolio mix for clients. The three possible objectives are:

- Income
- Preservation of Capital
- Appreciation

Within each strategy, client portfolios are matched to an appropriate level of risk ranging from Model I through model V. The lower the portfolio numbers, the lower the relative risk. The appreciation strategy has six such Models (Model VI) to further segment the range of risk profiles. Lockwood Advisor's team of financial analysts provides all the research that goes into the portfolio recommendations. The Investment Advisor Representative has the ability to select from a list of alternate investment choices pre-screened and deemed appropriate for each specific sub allocation. Portfolio monitoring, and investment selection monitoring is managed by Lockwood's team. In the event portfolio changes are warranted, they will input the trade instructions to complete the change in the client account. For additional explanation on these portfolios please refer to the MAC Wrap Brochure.

Both FB Advisory and MAC Advisory programs use asset allocation as a foundational concept. Asset allocation has been time-tested as a means of reducing portfolio risk but cannot eliminate investment risk. The effectiveness of the research effort being employed by either your Advisor Representative or Lockwood Advisors will impact your results. All investments involve risk of loss, and clients should understand the range of most likely outcomes associated with their portfolio and be prepared to bear that risk.

## Morningstar Managed Portfolios

Each of the Morningstar Managed Portfolios are created exclusively from the Morningstar proprietary research.

**Asset Allocation and Rebalancing Risk:** The risk that a client accounts assets may be out of balance with the target allocation. Any rebalancing of such assets by Excel may be limited by several factors and, even if achieved, may have an adverse effect on the performance of the client account's assets.

**Mutual Fund or ETF Risk:** The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. Clients may incur brokerage costs when purchasing ETFs or mutual funds.

**Manager Risk:** The investment strategies, research, analysis and the determination of a portfolio's securities by Excel may not be successful. The risk of loss due to allocations in the various assets may cause the client's account to underperform relative to benchmarks or other accounts with a similar investment objective.

**Concentration Risk:** The increased risk of loss associated with not having a diversified portfolio (i.e., Client accounts concentrated in a geographic region, industry sector or issuer are more likely to experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to a particular region, sector or issuer).

**Privacy/ Cybersecurity Risk:** The risk of actual and attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption, and reputation harm. Due to Excel interconnectivity with third-party vendors, exchanges, clearing houses and other financial institutions, Excel, and thus indirectly our clients, could be adversely impacted if any of them is subject to a successful cyber-attack or other information

security event. Although Excel takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact or render Excel unable to transact business on behalf of clients.

**Equity Risks:** The market price of securities owned by clients may go up or down, sometimes rapidly or unpredictably. The equity securities in clients' portfolios may decline in value due to factors affecting equity securities markets generally. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries.

**General Economic Conditions:** Changes in general economic conditions may affect a Client's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Client or considered for prospective investment. Material changes and fluctuations in the economic environment, may affect a Client's ability to make investments and the value of investments held by the Client or the Client's ability to dispose of investments. A Client's portfolio investments can be expected to be sensitive to the performance of the overall economy. No assurance can be given as to the effect of these events on a Client's investments or investment objectives.

## Disciplinary Information

Neither Excel nor any of its supervised persons have been the subject of any legal or disciplinary event that would be material in your evaluation of Excel or the integrity of its management.

## Other Financial Industry Activities and Affiliations

As mentioned earlier in this document, Excel is a registered Broker Dealer and Excel acts as the Broker Dealer for all accounts for which we provide advisory services. Currently, all Excel Investment Advisor Representatives are also Registered Representatives subject to supervision from FINRA. This is not a requirement, but it can create a conflict of interest as certain transactions may generate more commissions than would result from the same transaction in an Advisory account. Alternatively, an Advisory account may result in fees that exceed the dollar value of the same activity in a commissionable setting. It is prudent to fully assess the forward-looking needs and the fees and charges associated under each relationship type, Advisory or Brokerage.

Excel, as a Broker Dealer, maintains a fully disclosed clearing relationship with Pershing LLC. In its capacity as clearing agent, Pershing provides custody for all of Excel Advisory accounts. Through its affiliated companies, Pershing also provides a variety of technology and operational systems that facilitate the reporting and oversight functions necessary to effectively perform our Advisory obligations. Pershing and Lockwood Advisors are wholly-owned affiliates of the Bank of New York Mellon. As the size and scope of Excel's business with Bank of New York Mellon and all related companies grows, the potential exists for Excel to obtain enhanced pricing across its related businesses. This may be perceived as a conflict of interest and is disclosed here so that clients may assess the relevance.

Many of the Excel Investment Advisor Representatives also maintain insurance licenses and may engage in the sale of various insurance products. Some insurance products, such as variable annuities and variable insurance, are supervised by Excel, and other non-variable types may be sold through insurance brokers unrelated to Excel. These insurance activities are not offered on an advisory basis, and the commissions and fees generated by this activity can cause a conflict of interest to the Advisory relationship. This is disclosed here so that clients may assess the relevance.

## Code of Ethics

We have adopted a Code of Ethics that establishes rules of conduct for all Excel employees and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is designed to assist us in complying with applicable laws and regulations governing our investment advisory business. Under the Investment Advisers Act of 1940, we owe a fiduciary duty to our clients. Pursuant to these fiduciary duties, the Code reflects our commitment to act with honesty, good faith and fair dealing in working with our clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

The Code is based upon the principle that Excel and its employees owe a fiduciary duty to Excel's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Excel will provide a copy of our Code of Ethics to any client or prospective client upon request. Requests can be made by contacting their Investment Adviser Representative or by contacting the home office by calling 585-424-123. Excel and its related people are prohibited from recommending or selling investments to clients for which Excel or its related persons have a material financial interest.

Occasionally, Excel advisors may invest in the same securities or related securities that have been recommended to clients. This can create a conflict of interest when the price received or paid for a particular investment by Excel or its Advisors is superior to the price obtained by the client. When these circumstances arise, Excel attempts to average price all transactions in like securities in the same day and on the same side of the market so that all accounts obtain the same price.

The Code sets forth guidelines for professional standards for our Investment Advisor Representatives, as defined in the Code. Under the Code's Professional Standards, we expect our Investment Advisor Representatives to put the interests of our clients first, ahead of their own personal interests. In this regard, our Investment Advisor Representatives are not to take inappropriate advantage of their positions in relation to our clients.

With the exception of persons in supervisory roles, Excel's Investment Advisor Representatives do not have the ability to monitor what other Excel Investment Advisor Representatives are recommending or transacting. Excel does not attempt to

average price transactions in same security, same side of market, in the same day across all Excel clients. Our efforts on this front are limited to client accounts of the same Investment Advisor Representatives.

## Brokerage Practices

Excel requires all client Advisory accounts be opened and maintained with Excel as the Broker Dealer. Exceptions to this requirement may be granted where extenuating circumstances exist. The majority of all Advisory accounts are Wrap accounts and being the Broker Dealer of record for these accounts and related transactions is paramount to the program's ability to maintain stable and predictable pricing. Client accounts outside of Wrap accounts are subject to low transaction fees, identified under the "Fees and Compensation" section of this brochure and commensurate with discount brokerage.

Excel does not engage in any arrangements that exchange research or other soft dollar benefits for directed brokerage. Excel does not engage in any activities that exchange client referrals in return for directed brokerage, nor do we have arrangements for other third-parties to refer clients to us.

As discussed in the Code of Ethics section of this brochure, from time to time, Excel will aggregate the purchase or sale of securities for various client accounts when potential conflicts or perceived conflicts arise with respect to the timing of transactions in client account and similar transactions in the accounts of a related IAR, or if it is known that we will be transacting the same security for multiple client accounts with the same IAR in the same day we will strive to provide average price to all clients. Excel typically directs trading in individual client accounts and when trades are appropriate based on the client's investment plan, without regard to activity in other client accounts.

The Company's clearing firm, on behalf of the Company, provides no less frequently than each calendar quarter a customer account statement showing securities positions, money balances and account activity during the period. The Company's prime brokerage customers, if any, are not covered under this Rule. DVP/RVP accounts may opt out of receiving customer statements if the conditions described in Rule 2430(b) are met, including receiving and maintaining a written request from the customer. The Company receives copies of customer statements monthly on CD-ROM for review and to meet regulatory requests for such records.

Customer brokerage account statements must contain a statement advising the customer to promptly report any discrepancies and inaccuracies in the account to their broker/dealer or the clearing firm and to reconfirm any oral reports in writing in order to protect their rights, including rights under the Securities Investor Protection Act (SIPA). Brokerage statements must also include a telephone number at the clearing firm for a customer to call if they have questions about their account. Excel has authorized only one performance reporting tool and prohibits the sharing of account or portfolio performance calculation produced from any other method or system.

## Review of Accounts

Each client Advisory account is periodically reviewed by the associated Investment Advisor Representative. Minimally, the review will examine the current account holdings and make determination as to whether or not the portfolio remains consistent with the needs of the client in accordance with their client profile provided at the time of account opening, or in subsequent updates to that information. The process of this review evaluates the following items and makes determinations with respect to the appropriateness of the results given the client's investor profile.

- The mix of assets being employed (Asset Allocation)
- The actual returns versus appropriate benchmarks (Performance)

The client is provided communication informing them of the review findings and any recommendations. Portfolio reviews may be requested by the client and may also be conducted upon receipt of information material to the management of the portfolio or at any time such review is deemed necessary or advisable by Excel. Reviews may also be triggered by material changes in variables such as the client's individual circumstances, changes in financial markets or the economic

environment.

The underlying securities within client accounts are continually monitored. Any perceived need for change is then considered for each client portfolio on an individual basis.

For accounts using the MAC program, (closed to new accounts effective 4/1/18) There are periodic reviews to ensure the adequacy of the investments made available in each of the portfolios and makes changes as necessary.

## Reports

All client accounts are provided brokerage account statements at least quarterly. These statements display starting value, ending value, all transactions that occurred during the reporting period, all positions held at the end of the reporting period, purchase price, and current value, together with all required brokerage account disclosures.

The Company's clearing firm, on behalf of the Company, provides no less frequently than each calendar quarter a customer account statement showing securities positions, money balances and account activity during the period. The Company's prime brokerage customers, if any, are not covered under this Rule. DVP/RVP accounts may opt out of receiving customer statements if the conditions described in Financial Industry Regulatory Authority ("FINRA") Rule 2430(b) are met, including receiving and maintaining a written request from the customer. The Company receives copies of customer statements monthly on CD-ROM for review and to meet regulatory requests for such records.

Customer brokerage account statements must contain a statement advising the customer to promptly report any discrepancies and inaccuracies in the account to their broker/dealer or the clearing firm and to reconfirm any oral reports in writing in order to protect their rights, including rights under the Securities Investor Protection Act (SIPA). Brokerage statements must also include a telephone number at the clearing firm for a customer to call if they have questions about their account.

The Firm will review customer statements to ensure that the appropriate disclosure language is included and will work with the clearing firm to remedy any deficiencies. The Firm will periodically, but not less than at any change in the clearing firm, spot check statements to ensure required disclosure is still present and in the correct form.

Excel presently permits persons associated with the Firm to prepare consolidated financial reports ("consolidated reports") for customers. As a service to clients, many registered representatives ("RR") provide documents that consolidate information regarding a client's various financial holdings. Consolidated reports offer a broad view of customers' investments, may include assets that are held away, and may provide not only account balances and valuations, but performance data, as well. These communications may supplement, but do not replace, the customer account statements required pursuant to FINRA regulations. It is important that consolidated reports are not represented as a substitute for, and must be distinguished from, account statements provided by the custodian.

Excel has authorized only one performance reporting tool and prohibits the sharing of account or portfolio performance calculation produced from any other method or system. The Albridge Wealth Reporting (AWR) software is licensed through Albridge, a wholly owned Bank of New York Mellon company. Client reports consist of holdings, transaction and performance reports, and are available in three formats: a web-based on-screen display, an easy-to-print and present PDF document and a comma-separated value (CSV) export format, for use in spreadsheet applications.

In addition, quarterly performance reports for MAC program accounts are provided by Lockwood Advisors and are electronically archived with the other client brokerage documents. Clients with internet access to their accounts have ready access to these documents and a complete archive of all historical reports. Some Investment Advisor Representatives may print and mail these to customers or deliver during face to face account reviews.

The output from performance reports, together with the client provided profile information, is the foundation of periodic account reviews.

## Client Referrals and Other Compensation

Neither Excel nor its related people receive or provide any compensation or other economic benefit to any persons or entities for providing client referrals.

Neither Excel nor its related people receive or provide any compensation or other economic benefit to any persons or entities for providing investment advice or other advisory services to our clients other than relationships described elsewhere in this document.

## Custody

All client funds and securities are maintained by Pershing LLC, a qualified custodian. It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. As noted above, in accordance with our agreement with clients, Excel provides quarterly reports to each client for each managed portfolio that includes a summary of portfolio holdings and performance results. Clients are urged to compare the information in our quarterly reports with that of the brokerage statements from the custodian. We encourage clients to contact us if they have any questions regarding the information in our reports or the brokerage statements. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

## Investment Discretion

Advisory assets managed in the MAC program, the Managed ETF Portfolios, the Morningstar Managed Portfolios, and FB Version 1 & version 2 are managed on a discretionary basis pursuant to a Limited Power of Attorney ("LPOA") is executed by the client, giving us the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client to be mailed to the client's address of record; and, the withdrawal of advisory fees directly from the account.

We then direct investment of the client's portfolio using our discretionary authority. In the event client provides Excel with written investment account restrictions, Excel may implement processes to honor their request. In the event Excel is unable to meet the requested restriction the customer will be notified in writing as soon as administratively feasible.

## Voting Client Securities

As a policy and in accordance with our client agreements, we do not vote proxies related to securities held in client accounts. The custodian of the account normally provides proxy materials directly to the client. Clients may contact us with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

## Financial Information

Excel does not have any financial commitments that impair our ability to meet our contractual obligations to our clients.