

# **Quan-Vest Consultants, Inc.**

**390 Plandome Road  
Manhasset, NY 11030  
(516) 365-4619**

Updated: March 3, 2020

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Quan-Vest Consultants, Inc. If you have any questions about the contents of this brochure, please contact us at (516) 365-4619 and/or [milotruglio@quanvest.com](mailto:milotruglio@quanvest.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 Quan-Vest Consultants, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Quan-Vest Consultants, Inc. is 104714.

Quan-Vest Consultants, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Material Changes

There are no material updates on Quan-Vest's Part 2A of Form ADV since the update of March 21, 2018. Quan-Vest's brochure may be requested by contacting Mark W. Lotruglio at 516-365-4619 or [mlotruglio@quanvest.com](mailto:mlotruglio@quanvest.com).

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## Advisory Business

Quan-Vest Consultants, Inc. ("Quan-Vest") was incorporated on February 27, 1981. Quan-Vest is a privately held corporation which has provided investment management consulting services since its incorporation. Providing investment management consulting services is Quan-Vest's only business. Mark W. Lotruglio, CFA, is Quan-Vest's principal owner, owning more than 75% of the corporation. Quan-Vest's two other owners are individuals who each own between 5% - 10% of the corporation. Quan-Vest is an independent corporation that does not have a parent, subsidiaries, or affiliates.

Quan-Vest's investment management consulting services are mainly comprised of the following:

### Investment Manager and Custodian Searches

When directed by a client, Quan-Vest will conduct a search for an investment manager and/or custodian bank. Quan-Vest will identify, analyze, and perform comprehensive due diligence on qualified candidates for presentation to the client. Typically, this process includes Quan-Vest issuing request for proposals to qualified candidates and analyzing each candidate's response to such request. Finalists are presented to the client who decides which candidate(s) to retain for the applicable mandate.

### Asset Allocation Studies and Rebalancing Strategies

When directed by a client, Quan-Vest will perform an asset allocation study in which the risk/return expectations for one or a series of asset allocation structures are presented to the client who decides which allocation structure to implement. The goal of the analysis is to assist the client in structuring a portfolio designed to achieve the client's risk, return, and liquidity objectives. As part of this process, or separately, Quan-Vest may recommend reallocating assets among existing investment managers and/or asset classes as part of a rebalancing strategy.

### Portfolio Monitoring and Reporting

Quan-Vest performs ongoing monitoring and evaluation of client portfolios. Quan-Vest provides reports to clients on at least a quarterly basis detailing the investment results of the consolidated portfolio, asset classes, and individual investment managers. The reports are objective in nature and include a host of risk/return analysis, comparative data, and other analysis. Quan-Vest will meet with clients, when requested, to discuss such reports which assist the client in fulfilling its fiduciary duties and facilitating its decision making process.

### Investment Policy and Guideline Development

Quan-Vest will assist clients in developing and/or amending existing investment policy statements and individual investment manager guidelines. These policies and guidelines are based on each client's unique circumstances, realistic investment goals, risk tolerance, funding position, liquidity requirements, and other pertinent factors. After identifying and accounting for the client's investment objectives and applicable constraints, Quan-Vest recommends proposed policies and guidelines designed to effectively constrain investment managers, promote portfolio diversification, and achieve the client's realistic investment objectives.

### Other Services

While the above description details the major activities Quan-Vest engages in, Quan-Vest also provides related services, including but not limited to, providing clients with 1) education and updates on the various issues such as the market environment, asset classes, and investment products, 2) assistance with implementing client decisions, and 3) information and analysis on significant developments with investment managers managing client assets.

Quan-Vest does not accept discretionary authority or decision making authority for client assets, policies, or otherwise. While Quan-Vest is retained by a client to provide advice, recommendations, analysis, perspective, and information, each client is responsible for all related decisions. Quan-Vest does not offer the following services; brokerage, proxy voting, custody, analysis or structure analysis of individual securities, buy/sell/hold recommendations on individual securities, or portfolio management.

Quan-Vest tailors its service to meet the individual needs and circumstances of each client which Quan-Vest comes to understand through analysis of the client's portfolio and interaction with each client and its appropriate service providers. Through this analysis and interaction, Quan-Vest strives to understand each client's unique circumstances, realistic investment goals, risk tolerance, and other pertinent factors. Quan-Vest provides recommendations to each client to assist in designing/redesigning client portfolios to align the portfolio's asset allocation, liquidity parameters, investment manager roster, and permitted investments with the client's investment goals while addressing the client's unique circumstances and risk tolerance. Based on a client's unique circumstances and risk tolerance, Quan-Vest will recommend whether to permit certain asset classes, investment strategies, investment managers, and/or classes of securities. Due to this individualized level of service, Quan-Vest may provide advice and recommendations to some clients that differ from advice and recommendations provided to other clients. Clients may also restrict the use of certain asset classes, investment strategies, investment managers and/or classes of securities at their discretion.

Quan-Vest does not participate in wrap fee programs.

Quan-Vest does not manage client assets on a discretionary or non-discretionary basis.

## **Fees and Compensation**

With respect to compensation for its services, Quan-Vest only accepts payment directly from clients in "hard-dollars". Quan-Vest does not accept commissions or any other "soft-dollar" payments. While Quan-Vest primarily offers fixed fee arrangements, certain clients continue to retain Quan-Vest on an asset based fee schedule that is no longer offered to new client relationships.

For clients that retain Quan-Vest on an asset based fee schedule, the standard asset based fee schedule is:

0.15% per annum on the first \$10 million of assets

0.10% per annum on the next \$10 million of assets

0.04% per annum on the next \$100 million of assets

0.03% per annum on the next \$100 million of assets

0.01% per annum on assets in excess of \$220 million

With client approval, Quan-Vest may impose a minimum annual fee.

In certain circumstances, Quan-Vest may offer a discounted fee arrangement. Clients may negotiate fees.

For specific one-time projects, Quan-Vest will typically propose a fixed fee after evaluating the project's economic value. Depending on the nature of a specific one-time project, Quan-Vest may, alternatively, propose to charge at an hourly rate of at least \$300 per hour.

The specific manner in which Quan-Vest charges fees is established in a client's written agreement with Quan-Vest. Quan-Vest invoices clients in arrears. Each month, quarter, or year, depending on the arrangement with each client, Quan-Vest will send each client an invoice for services rendered during the previous month, quarter, or year, respectively. Clients may remit payment for invoices via check or electronic bank transfer. Quan-Vest does not deduct fees from client assets.

Other than certain clients who have agreed to reimburse Quan-Vest for reasonable travel expenses, lodging, and meals associated with attending client meetings, there are no other fees or expenses that Quan-Vest charges clients.

Should Quan-Vest's agreement with a client be terminated, Quan-Vest does not offer refunds because clients are invoiced in arrears, i.e., for services that have already been rendered.

Quan-Vest does not accept compensation from any source other than directly from the client. All of Quan-Vest's revenue is earned from providing investment management consulting services. Quan-Vest does not provide any other services and does not sell securities, mutual funds, or other investment products. Quan-Vest's employees

may attend conferences, seminars, and other similar programs (collectively “Conference”) that are sponsored by investment managers or other parties. A Quan-Vest employee will only attend a Conference if the subject matter to be discussed at such Conference is reasonably expected to enhance the employee’s ability to provide investment management consulting services to clients. Quan-Vest will pay for the registration fee (if any), travel, lodging, and other expenses associated with an employee’s attendance at any such Conference. As Conference attendees at a Conference that does not charge a registration fee, Quan-Vest employees may participate in meals served at such Conference and may receive insubstantial non-monetary gifts distributed at such Conference as long as any such meals and/or gift is in compliance with Quan-Vest’s Code of Ethics.

## **Performance-Based Fees and Side-By-Side Management**

Quan-Vest does not offer performance-based fees and does not provide side-by-side management of accounts.

## **Types of Clients**

Quan-Vest currently provides investment management consulting services to employee benefits plans and unions.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

The methods Quan-Vest employs in providing its investment management consulting services are described in the section entitled Advisory Business above. Quan-Vest remains vigilant on the historic, current, and expected state of asset classes (equities, fixed income, real estate, alternatives, etc.) through, but not limited to, the following:

- Reviewing newspapers and periodicals that discuss the capital markets and different aspects of asset classes;
- Meeting with investment managers;
- Reviewing research materials prepared by others;
- Analyzing the current state of the capital markets;
- Performing internal research;
- Reviewing investment manager press releases and other communications;
- Analyzing expected return information developed by Quan-Vest and/or others;
- Analyzing historic risk and return information; and
- Analyzing correlations among asset classes.

Quan-Vest does not guarantee the advice and recommendations it provides or services it offers will enable a client to earn a particular return or achieve its risk, return, and/or liquidity objectives. While Quan-Vest does not provide recommendations on investing in individual securities, investing in securities involves risk of loss that clients should be prepared to bear. While the advice and recommendations Quan-Vest provides clients are based on sound, thorough analysis and experience, the actual results of such advice and recommendations may be materially different than their intended results which exposes clients to a risk of loss they should be prepared to bear.

In providing its investment management consulting services, Quan-Vest does not recommend the use of any particular type of security. Quan-Vest recommends different asset classes and investment managers within the asset classes instead of individual securities or security types. Typically, the investment managers retained by the client decide which individual securities to buy, sell, or hold. When assisting clients in developing investment policies and guidelines, Quan-Vest may recommend restricting the use of certain security types and/or asset classes. Additionally, a client may decide to restrict the use of certain security types and/or asset classes at its discretion.

## **Disciplinary Information**

Neither Quan-Vest nor any of its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of the company or its personnel.

Quan-Vest has no other disciplinary information to report.

## Other Financial Industry Activities and Affiliations

Quan-Vest is not, nor does it intend to become, a broker-dealer. Quan-Vest has no employees that are registered representatives of a broker-dealer. One of Quan-Vest's owners, 7% of the corporation's shares, is a registered representative at Virtu Financial, Inc. ("Virtu") which offers transaction services. Quan-Vest does not receive any payment or benefit, directly or indirectly, from Virtu, or this minority owner. Quan-Vest does not recommend clients use Virtu or this minority owner for brokerage services, commission recapture program, discounted commission program, and/or transition management. By virtue of its size in the industry, investment managers that Quan-Vest recommends to clients may, at their discretion, execute client transactions with Virtu but Quan-Vest is not involved in that decision in any way nor does it track which relationship manager and/or registered representative contacts are maintained by investment managers who use Virtu's services.

Quan-Vest is not, nor does it intend to become, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Quan-Vest does not have a relationship or arrangement material to its investment management consulting business that would create a conflict of interest with clients with any of the following:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker (please refer to the disclosure listed in the first paragraph of this section);
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
- Other investment adviser or financial planner;
- Futures commission merchant, commodity pool operator, or commodity trading advisor;
- Banking or thrift institution;
- Accountant or accounting firm;
- Lawyer or law firm;
- Insurance company or agency;
- Pension consultant;
- Real estate broker or dealer; and/or
- Sponsor or syndicator of limited partnership.

To avoid conflicts of interest, Quan-Vest receives no compensation, directly or indirectly, from investment managers it recommends to clients. Quan-Vest's employees may attend conferences, seminars, and other similar programs (collectively "Conference") that are sponsored by investment managers or other parties. A Quan-Vest employee will only attend a Conference if the subject matter to be discussed at such Conference is reasonably expected to enhance the employee's ability to provide investment management consulting services to clients. Quan-Vest will pay for the registration fee (if any), travel, lodging, and other expenses associated with an employee's attendance at any such Conference. As Conference attendees at a Conference that does not charge a registration fee, Quan-Vest employees may participate in meals served at such Conference and may receive insubstantial non-monetary gifts distributed at such Conference as long as any such meals and/or gift is in compliance with Quan-Vest's Code of Ethics.

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

Quan-Vest's Code of Ethics ("Code") is designed to address and avoid conflicts of interest relating to clients, personal trading, and related activities. The Code is based on three underlying principles;

- Quan-Vest and its employees must, at all times, place the interests of clients ahead of its own;

- Quan-Vest and its employees must ensure that all personal securities transactions are conducted in a manner that is consistent with the Code and avoids conflicts of interest or abuses of Quan-Vest's position of trust and responsibility; and
- Quan-Vest and its employees should not take inappropriate advantage of Quan-Vest's position of trust and responsibility. The receipt of investment opportunities, perks, benefits, and/or gratuities from persons providing and/or seeking business with Quan-Vest or its clients could compromise the exercise of Quan-Vest's independent judgment.

Clients and prospective clients may obtain a copy of Quan-Vest's Code of Ethics by requesting such from Quan-Vest's Chief Compliance Officer, Mark W. Lotruglio.

With respect to investing Quan-Vest and/or its employees' assets in investment products that Quan-Vest may recommend to clients, Quan-Vest may recommend that clients consider investing in certain publically traded mutual funds based on cost, diversification, and/or access to an investment strategy that may not otherwise be accessible. Quan-Vest considers such recommendations as being within the context of an investment manager search. Quan-Vest and/or its employees may also invest in certain of these mutual funds. Quan-Vest deems the amount Quan-Vest and/or its employees may invest in these mutual funds as not material to the mutual funds' overall assets. Additionally, Quan-Vest is not compensated by any mutual fund company should a client decide to invest in these mutual funds. Quan-Vest does not believe investing in the same publically traded mutual funds Quan-Vest may recommend to clients creates a conflict of interest for the reasons outlined above. Other than recommending mutual funds, neither Quan-Vest nor its employees currently have material financial interest in investment managers Quan-Vest recommends to clients.

## Brokerage Practices

Quan-Vest does not offer brokerage services nor does it accept commissions, use client commissions, or accept other "soft-dollar" compensation as payment for services, research, or for other reasons.

Quan-Vest may occasionally present to a client the services of a broker-dealer for a commission recapture program, discounted commission program, and/or transition management. In such situations, Quan-Vest does not receive any monetary or other benefit should a client establish an agreement with a broker-dealer for these services. Clients who direct their investment managers to use the service of a broker-dealer may not be guaranteed best execution on transactions executed by that broker-dealer. To deal with this issue, should a client retain the services of a broker-dealer for a commission recapture program or discounted commission program, Quan-Vest recommends the client inform its investment managers they are not required to execute a specified percentage of client transactions with that broker-dealer only that the client has an agreement with such broker-dealer. Therefore, the decision whether to execute transactions with a broker-dealer is made by the investment manager not the client. The investment manager, not the client, makes the decision whether the broker-dealer offers best execution and the investment manager is not required to transact with the broker-dealer.

Quan-Vest is not, nor does it intend to become, a broker-dealer. Quan-Vest has no employees that are registered representatives of a broker-dealer. One of Quan-Vest's owners, 7% of the corporation's shares, is a registered representative at Virtu Financial, Inc. ("Virtu") which offers transaction services. Quan-Vest does not receive any payment or benefit, directly or indirectly, from Virtu, or this minority owner. Quan-Vest does not recommend clients use Virtu or this minority owner for brokerage services, commission recapture program, discounted commission program, and/or transition management. By virtue of its size in the industry, investment managers that Quan-Vest recommends to clients may, at their discretion, execute client transactions with Virtu but Quan-Vest is not involved in that decision in any way nor does it track which relationship manager and/or registered representative contacts are maintained by investment managers who use Virtu's services.

## Review of Accounts

Quan-Vest reviews client accounts on, at least, a monthly basis. Every client portfolio is reviewed for:

- Performance;

- Asset allocation;
- Allocation of assets among investment managers;
- Style drift;
- Benchmark and peer group comparisons;
- Risk characteristics;
- Investment manager fees;
- Equity turnover for separate accounts;
- Cash flow; and
- Other pertinent information.

Each client is sent a written investment performance report at least quarterly. Quan-Vest provides more frequent reporting at a client's request and/or based on client meetings that Quan-Vest attends. Each report includes the information described above as well as other related information.

Quan-Vest's Chairman, President, and/or Vice President review each account as described above. If a client holds a meeting at which the Chairman, President, and/or Vice President is not present, one of Quan-Vest's consultants or analysts will present the investment performance report to the client. In these situations, the Chairman, President, and/or Vice President will review the report prior to the client meeting.

Quan-Vest may review all or a portion of a client's account more frequently than monthly based on factors including, but not limited to:

- Client meetings;
- Asset allocation studies;
- Rebalancing requirements;
- Cash flow;
- Changes in the market environment;
- Client requests;
- Transfers between investment managers; and
- News relating to a specific investment manager or asset class.

## **Client Referrals and Other Compensation**

Quan-Vest does not receive any economic benefits from any party who is not a client for providing its investment management consulting services to clients. All of Quan-Vest's revenue is paid to Quan-Vest directly from clients.

Quan-Vest does not compensate any individual for client referrals.

## **Custody**

Quan-Vest does not provide custody services nor does it hold any client assets.

## **Investment Discretion**

Quan-Vest does not accept discretionary authority for client assets.

## **Voting Client Securities**

Quan-Vest does not provide proxy voting services nor does it send clients proxies or other solicitations. Clients receive proxies and other solicitations directly from their custodian or transfer agent. Clients may contact Quan-Vest regarding proxies but Quan-Vest will not provide a recommendation on how to vote such proxies.

## **Financial Information**

As Quan-Vest does not have discretionary authority of client assets, does not have custody of client assets, and does not require or solicit prepayment of fees from clients, Quan-Vest is not required to disclose its balance sheet in this brochure.



# **Quan-Vest Consultants, Inc.**

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Updated: March 3, 2020

## **FORM ADV PART 2B BROCHURE SUPPLEMENT**

**Mark W. Lotruglio  
Thomas A. Mazur  
Matthew A. Carrozzo  
Gerard J. Mahoney III**

This brochure supplement provides information about Supervised Persons listed above that supplements Quan-Vest Consultants, Inc.'s Form ADV Part 2A. You should have received a copy of that brochure. Please contact Mark W. Lotruglio, Chairman & President, if you did not receive Quan-Vest Consultants, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about the individuals listed above is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Mark W. Lotruglio, CFA**

### **Item 1 – Cover Page**

### **Item 2 - Educational Background and Business Experience**

Born: 1969

Education:

- Pennsylvania State University, MBA, Finance and International Business, with honors, 1993
- Washington & Lee University, BS, Business Administration, *Cum Laude*, 1991

Business Background:

- Quan-Vest Consultants, Inc., Chairman, President and Chief Compliance Officer; 1996 – Present
- Standard & Poor's, Associate Director; 1993-1996

Designations:

- A holder of the right to use the Chartered Financial Analyst® designation  
*For more information on the qualifications of this designation, please see the Appendix*

### **Item 3 - Disciplinary History**

There are no disciplinary items to disclose.

### **Item 4 - Other Business Activities**

Other than in his capacity as Chairman, President and Principal owner of Quan-Vest Consultants, Inc., Mark W. Lotruglio is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

### **Item 5 - Additional Compensation**

Mark W. Lotruglio does not receive any economic benefit, such as sales awards and other prizes, from any person or entity for providing investment advisory services other than compensation from Quan-Vest Consultants, Inc.

### **Item 6 - Supervision**

As Chairman and President of Quan-Vest Consultants, Inc., Mark W. Lotruglio is responsible for developing and supervising all investment management consulting services and advice Quan-Vest and its employees provide to clients. Mr. Lotruglio can be reached at 516-365-4619. *For more information on Supervision, please see the Appendix*

## **Thomas A. Mazur**

### **Item 1 – Cover Page**

### **Item 2 - Educational Background and Business Experience**

Born: 1977

Education:

- New York Institute of Technology, BA, Business Administration, *Summa Cum Laude*, 2003

Business Background:

- Quan-Vest Consultants, Inc., Vice President; 2001 – Present

Designations:

- Level II Candidate in the CFA Program
- Level II Candidate for the Chartered Alternative Investment Analyst Association Charter

*For more information on the qualifications of these designations, please see the Appendix*

### **Item 3 - Disciplinary History**

There are no disciplinary items to disclose.

### **Item 4 - Other Business Activities**

Other than in his capacity as Vice President of Quan-Vest Consultants, Inc., Thomas A. Mazur is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated person of an FCM, CPO, or CTA.

### **Item 5 - Additional Compensation**

Thomas A. Mazur does not receive any economic benefit, such as sales awards and other prizes, from any person or entity for providing investment advisory services other than compensation from Quan-Vest Consultants, Inc.

### **Item 6 - Supervision**

Thomas A. Mazur is supervised by Mark W. Lotruglio, Chairman and President. Mr. Lotruglio can be reached at 516-365-4619. *For more information on Supervision, please see the Appendix*

## **Matthew A. Carrozzo**

### **Item 1 – Cover Page**

### **Item 2 - Educational Background and Business Experience**

Born: 1990

Education:

- Niagara University, BS, Finance, 2012

Business Background:

- Quan-Vest Consultants, Inc., Consultant; 2013 - Present
- Jefferies LLC, Financial Analyst; 2012 - 2013

Designations:

- Level I Candidate in the CFA Program

*For more information on the qualifications of this designation, please see the Appendix*

### **Item 3 - Disciplinary History**

There are no disciplinary items to disclose.

### **Item 4 - Other Business Activities**

Other than in his capacity as a Consultant at Quan-Vest Consultants, Inc., Matthew A. Carrozzo is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

### **Item 5 - Additional Compensation**

Matthew A. Carrozzo does not receive any economic benefit, such as sales awards and other prizes, from any person or entity for providing investment advisory services other than compensation from Quan-Vest Consultants, Inc.

### **Item 6 - Supervision**

Matthew A. Carrozzo is supervised by Mark W. Lotruglio, Chairman and President. Mr. Lotruglio can be reached at 516-365-4619. *For more information on Supervision, please see the Appendix*

## **Gerard J. Mahoney III**

### **Item 1 – Cover Page**

### **Item 2 - Educational Background and Business Experience**

Born: 1995

Education:

- Lafayette College, BA, Economics, 2017

Business Background:

- Quan-Vest Consultants, Inc., Analyst; 2017 - Present

Designations:

- Level II Candidate in the CFA Program

*For more information on the qualifications of this designation, please see the Appendix*

### **Item 3 - Disciplinary History**

There are no disciplinary items to disclose.

### **Item 4 - Other Business Activities**

Other than in his capacity as an Analyst at Quan-Vest Consultants, Inc., Gerard J. Mahoney is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

### **Item 5 - Additional Compensation**

Gerard J. Mahoney does not receive any economic benefit, such as sales awards and other prizes, from any person or entity for providing investment advisory services other than compensation from Quan-Vest Consultants, Inc.

### **Item 6 - Supervision**

Gerard J. Mahoney is supervised by Mark W. Lotruglio, Chairman and President. Mr. Lotruglio can be reached at 516-365-4619. *For more information on Supervision, please see the Appendix*

## APPENDIX

### **Professional Designations Qualifications for Chartered Financial Analyst (CFA) and CAIA Charter:**

The Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by the CFA Institute. The CFA Program contains three levels of curriculum, each with its own exam. To become a CFA Charterholder, candidates must:

- 1) Pass the exam for all three levels;
- 2) Complete work experience requirements before, during, or after participation in the CFA Program. Such experience must be directly involved with the investment decision-making process or producing a work product that informs or adds to that process;
- 3) In support of a candidate's membership application, a candidate needs to provide 2-3 professional references. References will be asked to comment on the candidate's work experience and professional character; and
- 4) Apply to become a regular member of the CFA Institute. Once such application is approved and a candidate joins the CFA Institute, the candidate will have earned the CFA Charter.

The three levels of exams in the CFA Program test a wide range of investment topics, including, but not limited to, ethical and professional standards, quantitative methods, economics, financial reporting and analysis, corporate finance, equity and fixed-income investments, alternative and derivative investments, and portfolio management and wealth planning. To learn more about the CFA charter, please visit [www.cfainstitute.org](http://www.cfainstitute.org).

The CAIA Charter is a rigorous, self-study education program designed for finance professionals who seek a high level of knowledge and demonstrated expertise in alternative investments. The CAIA Charter is recognized as the global benchmark in alternative investment education. The CAIA Charter is granted upon completion of two levels of qualifying exams, combined with relevant professional experience. A minimum of 200 hours of study time is recommended for each level (a total of approximately 400 hours). The CAIA Charter conveys demonstrated expertise and global credibility in alternative investments. To learn more about the CAIA Charter, please visit <https://caia.org/programs>

### **Supervision:**

As Chairman and President, Mr. Lotruglio requires employees who meet with clients to review portfolios and provide recommendations to have earned a bachelor degree from a reputable college and/or university. Mr. Lotruglio encourages such employees to advance their investment knowledge by obtaining industry recognized designations, other degrees, and/or attending educationally based conferences. Mr. Lotruglio believes employees having a deeper understanding of the capital markets will, generally, improve the employee's ability to provide clients with sound advice.

Prior to any employee interaction with a client regarding specific investment advice, Mr. Lotruglio meets with the employee to discuss the advice the employee will provide to the client. During these meetings, Mr. Lotruglio reviews with the employee the issues at hand in relation to the client's portfolio, unique circumstances, risk tolerance, market environment, and other factors critical in determining the soundness of the advice. Mr. Lotruglio reviews material the employee will distribute to the client for accuracy, ease of understanding, and other pertinent factors. For client meetings at which Mr. Lotruglio is present, he will monitor the advice an employee provides to a client. For client meetings at which Mr. Lotruglio will not be present, he will review the planned advice with the employee prior to the meeting. Mr. Lotruglio or his designee monitors the implementation of client decisions by reviewing the written suggested instructions provided to clients and through discussions with the employee and the client.

As Chief Compliance officer, Mr. Lotruglio requires employees to review, annually, Quan-Vest's Code of Ethics, E-Mail Policy, and Compliance Policies and Procedures. On a quarterly basis, employees are required to submit a securities transaction report. In this manner, employees are kept aware of the policies Quan-Vest has in place that are designed to limit conflicts of interest, maintain high ethical standards, and place client interests first.

On an ongoing basis, Mr. Lotruglio provides feedback to each employee regarding his/her job performance. A portion of an employee's annual compensation will reflect his/her job performance.