



# Markowski Investments

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**March 13, 2020**

This brochure, ADV Part II, provides information about the qualifications and business practices of Markowski Investments. If you have any questions about the contents of this Brochure, please contact us at 813-831-5168 or email us at [matt@minvest.com](mailto:matt@minvest.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.

Markowski Investments is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about Markowski Investments is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

**On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 13, 2020 is prepared according to the SEC’s new requirements and rules.**

**This item will discuss only specific material changes that are made to the Brochure and provide a summary of such change. Our Brochure was last updated March 20, 2019. In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.**

**We will further provide you with a new Brochure as necessary based on changes or new information at any time. Currently, our Brochure may be requested by contacting Markowski Investments at 813-831-5168 or [matt@minvest.com](mailto:matt@minvest.com).**

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#### **Item 4 – Advisory Business**

Markowski Investments provides personal financial planning services and portfolio management services to clients. The object of these services is to assist the client in ascertaining the client's financial status and, through a thorough analysis, to assist the client in establishing financial and investment goals and objectives and achieving such goals and objectives. In a typical situation, Markowski will gather data from the client, utilizing a client financial profile and an objective and risk questionnaire. Using the data gathered Markowski will prepare financial recommendations. The prepared financial recommendations will be based upon the individual needs, net worth, investment history and experience, current and future income, and risk tolerance of the client, and will address such issues as the client's tax status, retirement planning, estate planning, and other areas deemed relevant.

In addition, Markowski also provides portfolio management for the client's funds on a discretionary basis. Paramount to Markowski is to place emphasis upon the individual needs and goals of the client. Any recommendations and actions concerning investments are based upon the results of individual analysis, including the client's liquidity, time frame, income, tax, and other constraints, as well as an evaluation of the client's risk tolerance and return objectives.

Markowski Investments is a corporation owned and managed by:

**Matthew Markowski**

**Partner**

Date of Birth:

August 26, 1976

Practice:

20 Years Professional Experience

Education:

Bachelors in Math & Economics from Hamilton College and MBA from Seton Hall University in Finance

Licenses:

Series 7, Series 63, and CFP®

Business:

October 2006 – Partner Markowski Investments

**Michael Markowski**

**Partner**

Date of Birth:

March 17, 1973

Practice:

20 Years Professional Experience

Education:

Bachelors in Business from Hartwick College

Licenses:

Series 7, Series 24, Series 63, and Series 65

Business:

January 2013 – Partner Markowski Investments

**Christopher Markowski**

**Partner**

Date of Birth:

June 26, 1971

Practice:

20 Years Professional Experience

Education:

Bachelors in Political Science from Syracuse University

Licenses:

Series 65

Business:

March 2016 – Partner Markowski Investments

As discussed in Markowski Investment's Form ADV Part 1, Markowski Investments manages over \$238,493,464 in client assets through our advisor service on a discretionary basis. These totals are calculated using the closing US market prices from December 31, 2019.

## **Item 5 – Fees and Compensation**

Fees are calculated as a percentage of assets under management. Accounts are charged in advance for a three-month period based on the account balances. Accounts are debited for the appropriate fee. If you have multiple accounts you may request the company bill all management fees to one account. For initial periods, the beginning balance and date range is described by the management contract. When an account is first placed under management, billing begins on the later of, first day the account is funded or the first day the account is approved by the company. In addition to our standard fees, you may incur other charges from other parties for clearing, custody, independent investment management, advisory services or other services that may be provided on an hourly basis. If outside consultants are required for additional analysis and advice, the resulting cost will increase the amounts disclosed in the below fee schedule and will be payable directly to those outside consultants.

Brokerage commissions are charged in addition to the fee schedule outlined below. Brokerage commissions may, however, be negotiated prior to execution of the advisory contract. The commissions charged are similar to those of other institutions of comparable size. Larger or smaller discounts may be obtained depending on the amount of research required or the size of the order placed. All of the aforementioned and following fees other than custodial and other administrative costs may be negotiable depending on such factors as the strategy selected, the account size, historical factors, and relationships. They may be increased or decreased depending on the specific situation of a given client.

Mutual fund managers and annuity issuers charge certain fees for their services and products. Those fees are in addition to the management fees paid to the Adviser and are separate and distinct from the management fees charged by the Adviser. These fees and expenses are described in the prospectuses for each mutual fund, annuity or underlying annuity fund. These fees include front-end or back-end loads (initial or deferred sales charges), management fees, other fund expenses and distribution fees ("12b-1 fees"). The type of mutual fund share class used in client portfolios will determine if there is an initial or deferred sales charge which a client will pay, as well as the existence and amount of other fund or product expenses to be paid by the client. These charges, fees and expenses will impact the cost to the client of purchasing, holding and/or selling the mutual fund or annuity product. Many mutual fund share classes pay 12b-1 fees or trailing commissions to our affiliated Broker/Dealer, Westminster Financial Securities, Inc., which increases the cost to the client of holding the mutual fund. This fee is generally .25% annually but varies from fund to fund. In many instances, a portion of these trailing commissions are then paid to the investment adviser representative who is also a registered representative of the Broker/Dealer. Such payments create an incentive for the investment adviser representative to recommend, purchase and hold a higher-cost share class, which incentivize, therefore, constitutes a conflict of interest. In many instances, lower-cost mutual fund share classes are available. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by the Adviser to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

The advisory fee is determined based on the fair market value of the client's account on the last day of each closing calendar quarter multiplied by one-fourth of the corresponding annual percentage rate.

#### Guidelines for Estimating Fee to Clients

<u>Principal Amount</u>	<u>Annual Fee</u>
\$0 - \$250,000	1.50%
\$250,001 - \$3,000,000	1.25%
\$3,000,001 - \$10,000,000	1.00%
Above \$10,000,000	Negotiated

Fees may be higher or lower than those shown due to special client situations, other services performed or other extraordinary circumstances and may be negotiable. The client is always informed in writing of the fee structure in place on their account.

The investment advisory agreement is terminable by either party at any time upon written notice to the other party. Prepaid fees will be pro-rated using the termination date specified in the notice of termination.

Assets deposited by a client into their management account between billing cycles will not result in additional management fees being billed to the client. For assets withdrawn by a client, Markowski Investments does not make partial refunds of their management fees. Just as with deposits, withdrawals may require modifications and adjustments to be made in the account to correct the client's allocation of assets.

#### **Item 6 – Performance Based Fees and Side by Side Management**

Markowski Investments does not charge any performance based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Markowski Investments has registered financial advisors focused on assisting individuals and their families, trusts, estates, fiduciaries, charitable organizations, small businesses, and retirement plans (hereinafter referred to as the "client") manage their wealth and comprehensive financial plans. Our central duty is to provide investment counsel and guidance which stresses fiscal responsibility and disciplined asset allocation strategies to meet client needs, goals, and risk tolerance.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

##### **Methods of Analysis**

Markowski Investments asset allocation process utilizes multiple asset classes. Securities are analyzed using technical, fundamental, and charting. We analyze individual investments based on their potential contribution to the asset class in an attempt to meet or exceed the risk adjusted benchmark for each asset class. As an example, mutual fund management is selected based on consistent performance that exceeds the asset class index or selected benchmark, within a desired risk level. We also employ cyclical analysis based on economic, interest rate, and market cycles.

### **Sources of Information**

Markowski Investments relies on numerous financial websites and publications as well as independent research sources for information. Other sources may include, but are not limited to, company press releases, newspapers, magazines, books, rating services and other professional subscription services. On occasion, we will use material prepared by investment companies and research releases prepared by other research entities.

### **Investment Strategies**

Markowski Investments implements strategies using long-term purchases (securities held at least one year) and, on occasion, short-term purchases (securities sold within a year). We employ strategic asset allocation strategies driven by client objectives within risk parameters. Tactical allocation strategies are often overlaid to enhance performance or reduce risk, based on cyclical factors such as interest rates, economic stage, or market trends. We do not believe that trading, market timing, or speculative options are in our clients' best interests.

### **Risk of Loss**

Risks involved in investing in securities include but are not limited to:

- **Call Risk** The possibility that falling interest rates will cause a bond or preferred stock issuer to redeem – or Call – as its issue before the maturity date.
- **Country Risk** The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Credit Risk** The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.
- **Currency Risk** The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange rate risk.
- **Income Risk** The possibility that a fixed income fund's dividends will decline as a result of falling interest rates.
- **Industry Risk** The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.

- **Inflation Risk** The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation adjusted returns.
- **Interest Rate Risk** The possibility that a bond fund will decline in value because of an increase in interest rates.
- **Manager Risk** The possibility that a mutual fund's investment adviser will fail to execute the fund's investment strategy effectively, resulting in the failure of stated objectives.
- **Market Risk** The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** The possibility that an investment will go down in value, or "lose money", from the original or invested amount.

Generally speaking, risk and potential return are related. While an investment with higher risk may have the potential for higher return, it may also have a greater potential for losses, increased volatility or negative returns, particularly in response to above normal challenges related to economic or political pressures or other events.

Markowski Investments works with each client to develop an investment strategy that suits their financial goals and tolerance for risk.

We primarily utilize a buy-and-hold strategy with adjustments in asset allocations based on current conditions or anticipated developments. We may sell investments when fundamentals turn negative, the investment's relative performance is poor or the economic climate for a sector has changed. We also may buy or sell investments when the portfolio needs to be rebalanced to adhere to the client's asset allocation and cash requirements.

We may also use option strategies to enhance or hedge positions in our portfolios. We use covered calls and naked puts to incorporate these strategies.

#### **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 or the integrity of Markowski Investments.

Markowski Investments has no information applicable to this item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Markowski Investments utilizes Westminster Financial Securities, Inc. as a broker/dealer registered with FINRA. Westminster is headquartered in Dayton, Ohio. Markowski Investments may also affiliate directly with an insurance provider or mutual fund company.

Michael and Matthew Markowski, who are involved in the financial planning process on behalf of Markowski, are also registered to sell securities through Westminster Financial Securities, Inc. The client



is under no obligation to purchase such products. However, in the event that the client chooses to buy any such product, Markowski can act in the capacity to execute such transactions. Commissions may be paid accordingly, and the client may request full disclosure of such amounts.

Markowski Investments owns and operates Compass Financial Management LLC., a Registered Investment Advisory firm. Compass is headquartered in Parsippany, New York. Michael, Matthew and Christopher Markowski are registered with Compass. Clients are under no obligation to utilize the services of Compass. As owners of Compass, Markowski does receive compensation from advisory services rendered by Compass.

Matthew Markowski is also licensed to sell various insurance products which can be integral to the financial planning process. Matthew can be paid commission on sales of insurance products and transactions executed through the broker/dealer creating a conflict of interest; clients are not required to purchase these products.

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

As a fiduciary, Markowski Investments has a duty to act with utmost integrity in serving each of our clients, in pursuit of their financial goals. Markowski Investments' policy manual contains a Code of Ethics which is available for inspection. Markowski Investments' governing principles are outlined below.

##### **Integrity**

We shall offer and provide professional services with integrity.

##### **Objectivity**

We will be objective in providing professional services to clients.

##### **Competence**

We shall provide services competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the designee is engaged.

##### **Fairness**

All professional services shall be performed in a manner that is fair and reasonable to clients, partners, employees, and employers; and, disclose conflicts of interests in providing such services.

##### **Confidentiality**

We shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, to defend against legal or regulatory charges of wrongdoing, or in connection with a civil suit between the supervised person and client.

##### **Professionalism**

Conduct in all matters shall reflect positively on the business entity and the profession.

**Diligence**

We shall act diligently in providing professional services. Diligence is the providing of services in a reasonable, prompt and thorough manner, including the proper planning for and supervision of the rendering of professional services.

It is against Markowski Investments' policies for managers or employees to invest with a client or with a group of clients. It is also against our policies to advise a client or a group of clients to invest in a private business interest or any other non-marketable investments. Markowski Investments' managers and employees are permitted to personally invest their own monies in stocks, bonds, investment company products and other publicly traded securities which may also be in line with recommendations made to clients. In such cases, priority in all transactions is given to the clients' portfolios. Personal trading activities conducted by managers and employees are monitored to ensure that such activities do not create conflicts of interest.

**Item 12 – Brokerage Practices**

Markowski Investments has access to a comprehensive universe of investment vehicles in the marketplace. We will construct a portfolio based on the client's goals and risk tolerance, and monitor the portfolio using market measurement and analytical techniques. We will allocate investment assets among the following:

- Exchange-listed securities
- Exchange Traded Funds (ETFs)
- Over the counter traded securities
- Mutual fund shares
- Corporate debt securities (bonds)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Fixed annuities
- United States government securities
- Option contracts on securities
- Unit Investment Trusts
- Exchange Traded Limited Partnership Securities: Real Estate/Oil and Gas

Individual allocation strategies may use some or all of the above asset classes.

Markowski Investments has a fiduciary and fundamental duty to seek best execution for client transactions. Best execution is not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. Markowski Investments has established a Brokerage Committee to monitor and review the trading practices, gather relevant information, review and

evaluate the services provided by the broker-dealer, the quality of executions, commission rates, and overall brokerage relationships, among other things. Annually the Brokerage Committee will meet to formally review the above stated information, to ensure the client receives the best execution. A file will be maintained for the information obtained and used as part of the best execution procedure.

### **Custodians and Brokers We Use**

Markowski Investments does not maintain custody of your assets. Your assets must be maintained in an account with a “qualified custodian” generally a broker dealer or bank. Markowski Investments may recommend that clients establish brokerage accounts with Fidelity Clearing and Custody Solutions or TD Ameritrade Institutional as custodian for client assets and to effect trades for their account. Fidelity Clearing and Custody Solutions provides a comprehensive clearing and custody platform, brokerage services, trading capabilities, and practice managements and consulting to registered investment advisors (RIAs), including strategic acquirers and professional asset manager, as well as retirement recordkeepers, broker-dealer firms, banks, and insurance companies through National Financial Services LLC (NFS) or Fidelity Brokerage Services LLC, Members NYSE, SIPC. In addition to providing services to third –party institutions, the NFS brokerage platform supports all the clearing and custody businesses at Fidelity, including Fidelity’s retail and capital markets businesses, bringing NFS assets under administration to \$3.1 trillion.

Client accounts held at Fidelity are accessed and trades are executed through our broker dealer Westminster Financial Securities, Inc. located in Dayton, Ohio. Accounts are generally not charged a separate fee for custody. Fidelity and Markowski Investments are compensated in some cases by charging you a service fee or other charge on transactions in your accounts. Fidelity’s services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

The Advisor also participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, The Advisor participates in TD Ameritrade’s institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Advisor’s participation in the program and the investment advice it gives to its clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for

execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

#### **Item 13 – Review of Accounts or Financial Plans**

All accounts are reviewed in the context of the client's stated investment objectives, risk tolerance and client-specific guidelines, if applicable. Accounts are reviewed no less than quarterly, but can be triggered by unexpected position performance, market conditions, or changing client circumstances. The underlying positions are monitored with respect to economic , fundamental, and technical analysis.

#### **Item 14 – Client Referrals and Other Compensation**

Markowski Investments does not receive cash or other economic benefit including commissions, equipment and non-research services from a non-client in connection with providing investment management. Markowski Investments may compensate advisors or advisory firms for recommending or referring clients to the firm. While the fee may be paid from the advisory fee, the fee has not been increased to cover the fee paid to the advisor or advisory firm.

#### **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct the custodian to deduct our advisory fees from your account. Fidelity maintains actual custody of your accounts. You will receive account statements directly from the custodians at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. Markowski Investments urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Markowski Investments uses discretionary trading authority in managing their accounts. The nature of the fee-based (rather than commission-based) pricing model assures that preservation and/or growth of the account is a shared interest. On occasion, time-sensitive opportunities arise to purchase a security in volume and spread among the discretionary accounts. Prudent risk management precludes a discretionary trade that would overly weight the position as a percentage of household assets.

#### **Item 17 – Voting Client Securities**

Markowski Investments does not have any authority to and does not vote proxies on behalf of advisory clients. You will receive proxy information directly from the custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered investment advisers are required to provide upon request, certain financial information or disclosures regarding Markowski Investments' financial condition. Markowski Investments 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.

#### **Item 19 – Trading Practices**

Markowski may, for a number of reasons, bunch, block or aggregate brokerage orders for clients rather than execute individual transactions for each account. These reasons include: (1) avoiding the time and expense of simultaneously entering similar orders for many client accounts that are managed similarly; (2) ensuring that all accounts managed in a particular style obtain the same execution to minimize differences in performance; and (3) obtaining a better execution price even though the commission rate may be higher than the lowest rate otherwise available. Markowski may also determine it in the best interest of a client or clients not to participate in a particular bunched order based on any one or more of the following:

- Account-specific investment restrictions, i.e. no defense or tobacco stocks.
- Undesirable position size. In certain cases, the amount allocated to an account on a pro-rata basis may create an undesirably small or large position.
- Need to restore appropriate balance to client portfolio, if it has become over or under weighted due to market action.
- Client sensitivity to turnover. Such clients may be excluded from participation in positions that are not expected to be long-term holdings.
- Client tax status.
- Regulatory restrictions.
- Common sense adjustments that lead to cost savings or other transactional efficiencies.
- Investments may not be suitable for, or consistent with, known client investment objectives and goals.
- Client may have obtained security at a different cost basis (for sales) or at a different time and has not achieved the objective for that security.

Where Markowski Investments does not bunch orders, clients may incur higher transaction costs for individual transactions.

Markowski will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of Markowski's investment advisory agreement with each client for which trades are being aggregated.

No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Markowski's transactions in that security on a given business day, with certain transaction costs shared pro rata based on each client's participation in the transaction. Commission costs will continue to be charged based upon individual commission schedules agreed to by participating clients at the time their account was established rather than a special commission rate for bunched orders. As such, commission costs per share will vary among participating clients depending on the number of shares purchased/sold and the specific commission schedule in place for each client. As a result, not all clients participating in the bunched order will receive the same net proceeds on a sale or transaction cost on a purchase.

When an aggregated order is only partially filled (and there is no reasonable expectation that the entire transaction will be completed within a reasonable period), the order will, generally, be allocated among the participating clients on an objective basis. When the portion of a partially filled order that may be allocated to a participating account is such that after the allocation, the account's holdings of the security would fall below the account's target weighting, the account will not be allocated any portion of the order. In the event that allocation of a partially filled order would cause holdings for all participating accounts to fall below target weighting, the entire order may be allocated to a single account.

On occasion trades will be executed in error. Once notified of the error, Markowski Investments will immediately make the correction in the client's account. Any gain or loss resulting from the error will be retained by Westminster Financial Securities, Inc.

Markowski Investments' policy and practice is to NOT engage in any agency cross or principal transactions.