

**ITEM 1. COVER PAGE**  
**PART 2A OF FORM ADV: FIRM BROCHURE**

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**January 2021**



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Suite 205, Building 12  
Blue Bell, PA 19422**

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President & Chief Compliance Officer**

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This brochure provides information about the qualifications and business practices of Brandywine Financial Group, Inc. If you have any questions about the contents of this brochure, please contact Raymond Carota at (610) 828-1155 or by email at [rcarota@brandywinefinancialgroup.com](mailto:rcarota@brandywinefinancialgroup.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 Brandywine Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#: 127344.

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

## **ITEM 2. MATERIAL CHANGES**

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Brandywine Financial Group, Inc. is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure. Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Since the last annual amendment filed on 01/22/2020, we have the following material changes to disclose:

We are currently seeking registration with the Securities and Exchange Commission ("SEC"). As such, Item 19 has been removed from this brochure.

Our firm received assistance through U.S. Small Business Administration's ("SBA") Economic Injury Loan ("EIL") program. For more information please refer to Item 18 of this Brochure.

### ITEM 3. TABLE OF CONTENTS

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## **ITEM 4. ADVISORY BUSINESS**

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Brandywine Financial Group, Inc. is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We specialize in Comprehensive Portfolio Management, Financial Planning & Consulting, and Retirement Plan Consulting services. Our firm is a corporation formed in the State of Pennsylvania. We have been in business as an investment adviser since 2003 and are owned wholly by Raymond N. Carota.

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

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#### **Comprehensive Portfolio Management:**

As part of our Comprehensive Portfolio Management service clients will be provided asset management and financial planning or consulting services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service.

Our firm utilizes the sub-advisory services of a third party investment advisory firm for certain client accounts. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other investments in connection with this service. We will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

#### **Financial Planning and Consulting:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate

Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

## **Tailoring of Advisory Services**

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We offer individualized investment advice to our Comprehensive Portfolio Management clients. Additionally, we offer general investment advice to our Retirement Plan Consulting and Financial Planning clients.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Comprehensive Portfolio Management clients.

## **Participation in Wrap Fee Programs**

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

## **Regulatory Assets Under Management**

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We manage \$102,000,000 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2020.

## **ITEM 5. FEES AND COMPENSATION**

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### **Comprehensive Portfolio Management:**

<b>Assets under Management</b>	<b>Annual Fee</b>	<b>Quarterly Fee</b>
\$0 to \$500,000	1.50%	0.3750%
\$500,000 to \$750,000	1.25%	0.3125%
\$750,000 to \$1,000,000	1.15%	0.2875%
Over \$1,000,000	1.00%	0.2500%

Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Advisory fees will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

The maximum annual fee charged to clients utilizing a third party investment advisory firm will not exceed the maximum fee published above for this service, nor will it exceed the industry standard of excessive fees, of three percent (3%) per annum. Our firm will debit fees for this service as

disclosed in the executed advisory agreement between the client and our firm. This fee shall be in addition to any fees assessed by the chosen third party money manager. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Third party money managers establish and maintain their own separate billing processes over which we have no control. They will directly bill you and describe how this works in their separate written disclosure documents.

### **Financial Planning and Consulting:**

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$250. Flat fees generally range from \$500 to \$15,000, and are dependent on the scope and complexity of our engagement with you. Financial Planning fees will be due in full upon client's execution of an agreement. Consulting Fees are charged at the earlier of the completion of the services or monthly. The client may terminate financial planning consulting services within five (5) business days after entering into the advisory agreement without penalty (i.e. prepaid fees will be refunded in full to the client). After five (5) business days of entering into the advisory agreement, the client may terminate upon our firm's receipt of the client's written notice to terminate. Financial Planning fees will be due in full upon client's execution of an agreement. Consulting Fees are charged at the earlier of the completion of the services or monthly.

### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed on an hourly or flat fee basis or a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$350. Our flat fees range from \$1,000 to \$25,000. Fees based on a percentage of managed Plan assets will not exceed 0.50%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

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

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade") do not charge transaction fees for U.S. listed equities and exchange traded funds. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

### **Termination & Refunds**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

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

### **Commissionable Securities Sales**

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Our management person may sell securities for a commission. In order to sell securities for a commission, our management persons are registered representatives of American Portfolios Financial Services, Inc., a registered broker/dealer, member of the Financial Industry Regulatory Authority ("FINRA") and SIPC, member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
  - a) when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
  - b) when recommending commissionable mutual funds, explaining that "no-load" funds are available.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.
- 3) Does not exceed more than 50% of our revenue.
- 4) Does not reduce your advisory fees to offset the commissions our supervised persons receive.

### **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Our firm does not charge performance-based fees.

### **ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS**

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We provide our services to Individuals, High Net Worth Individuals, and Pension and Profit Sharing Plans.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$100,000 for our Comprehensive Portfolio Management service. Generally, this minimum account balance requirement is not



negotiable and would be required throughout the course of the client's relationship with our firm.

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## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### Methods of Analysis

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**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Other:** Our firm uses Morningstar to analyze securities we recommend to our clients. Brandywine uses Morningstar to analyze various information including but not limited to consistency of performance, manager tenure, performance style drift, asset size, blend style drift, etc.

### Investment Strategies

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**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases:** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading:** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short Sales:** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin Transactions:** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Option Writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

**Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Market Timing Risk:** Market timing can include high risk of loss since it looks at an aggregate market versus a specific security. Timing risk explains the potential for missing out on beneficial movements in price due to an error in timing. This could cause harm to the value of an investor's portfolio because of purchasing too high or selling too low.

**Margin Transactions Risk:** Margin accounts and transactions are risky and not necessarily appropriate for every client. The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; and

(4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

**Short Sales:** A short sale is a transaction in which an investor sells borrowed securities in anticipation of a price decline and is required to return an equal number of shares at some point in the future. These transactions have a number of risks that make it highly unsuitable for the novice investor. This strategy has a slanted payoff ratio in that the maximum gain (which would occur if the shorted stock was to plunge to zero) is limited, but the maximum loss is theoretically infinite (since stocks can in theory go up infinitely in price). The following risks should be considered: (1) In addition to trading commissions, other costs with short selling include that of borrowing the security to short it, as well as interest payable on the margin account that holds the shorted security. (2) The short seller is responsible for making dividend payments on the shorted stock to the entity from whom the stock has been borrowed. (3) Stocks with very high short interest may occasionally surge in price. This usually happens when there is a positive development in the stock, which forces short sellers to buy the shares back to close their short positions. Heavily shorted stocks are also susceptible to “buy-ins,” which occur when a broker closes out short positions in a difficult-to-borrow stock whose lenders are demanding it back. (4) Regulators may impose bans on short sales in a specific sector or even in the broad market to avoid panic and unwarranted selling pressure. Such actions can cause a spike in stock prices, forcing the short seller to cover short positions at huge losses. (5) Unlike the “buy-and-hold” investor who can afford to wait for an investment to work out, the short seller does not have the luxury of time because of the many costs and risks associated with short selling. Timing is everything when it comes to shorting. (5) Short selling should only be undertaken by experienced traders who have the discipline to cut a losing short position, rather than add to it hoping that it will eventually work out.

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## ITEM 9. DISCIPLINARY INFORMATION

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In December 2017, Brandywine Financial Group and Raymond Carota accepted a Consent Agreement and Order from the Commonwealth of Pennsylvania, Department of Banking and Securities. Brandywine Financial Group and Raymond Carota failed to maintain a minimum net worth of \$10,000 for fiscal year 2016 and agreed to pay the Department of Banking and Securities \$34,500.

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## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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Representatives of our firm are registered representative of American Portfolios Financial Services, Inc., (“APFS”), a registered Broker/Dealer, member FINRA and SIPC. Clients are under no obligation to purchase or sell securities through our representatives. However, if our clients choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn.

Neither our firm nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

Representatives of our firm are licensed insurance agents. As insurance agents, representatives of our firm may offer various insurance products. Commissions may be earned as a result of sale of

insurance products. Our clients are under no obligation to purchase insurance products recommended or offered by our firm.

Raymond Carota has a minority interest in various fitness club and dry-cleaning locations as well as a technology company based in Vancouver. Clients are not actively solicited to invest. He spends less than 2% of his time on this activity.

Michael Joseph Deo is a Certified Public Accountant & Owner of Deo, Lamanna, Deo & Co. Deo, Lamanna & Deo is an accounting firm and is not securities related. This firm completes tax returns, preparation of income tax statements, balance sheets, cash flow analysis & tax planning services.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

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

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

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client. A conflict of interest exists for the adviser to front run the client to receive the most beneficial price of mutually held securities. This would be a violation of the adviser's fiduciary duty, and is not permitted.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place

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

client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

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

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## ITEM 12. BROKERAGE PRACTICES

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### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, TD Ameritrade, Inc. ("TD Ameritrade") member FINRA-registered broker-dealer, member SIPC, or SEI Investments Management Corp. ("SEI"). Our firm is independently owned and operated, and not affiliated with Schwab, TD Ameritrade, or SEI. Schwab, TD Ameritrade, or SEI will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab, TD Ameritrade, or SEI as a custodian/broker, clients will decide whether to do so and open an account by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, TD Ameritrade, or SEI, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see "*Products & Services Available from Schwab*")

## **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. For some accounts, Schwab may charge your account a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and/or asset-based fees applicable to client accounts were negotiated based on our firm's commitment to maintain a minimum threshold of assets statement equity in accounts at Schwab. This commitment benefits clients because the overall commission rates and/or asset-based fees paid are lower than they would be if our firm had not made the commitment. In addition to commissions or asset-based fees, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## **Products & Services Available from TD Ameritrade**

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. As a result of receiving these services, we may have an incentive to continue to use or expand the use of TD Ameritrade's services. Our firm examined this potential conflict of interest when we chose to enter into a relationship with TD Ameritrade. We have determined that the relationship is in the best interest of our firm's clients and satisfy our fiduciary obligations, including our duty to seek best execution.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients, both those enrolled and not enrolled in the Program, with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

## **Services that Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would

require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our

related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

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### **Soft Dollars**

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

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### **Client Brokerage Commissions**

Schwab, TD Ameritrade, or SEI do not make client brokerage commissions generated by client transactions available for our firm's use.

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### **Client Transactions in Return for Soft Dollars**

Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

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### **Brokerage for Client Referrals**

Our firm does not receive brokerage for client referrals.

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### **Directed Brokerage**

Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of Schwab, TD Ameritrade, or SEI.

In addition to our portfolio management and other services, the Program includes the brokerage services of Schwab, a broker-dealer registered with the SEC, member of FINRA/SIPC. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. Our firm does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then our firm cannot manage the client's account through the



Program. As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

### **Special Considerations for ERISA Clients**

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

### **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS**

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We review accounts on at least a quarterly basis for our Comprehensive Portfolio Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who sign an agreement for our Comprehensive Portfolio Management service.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

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

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## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Charles Schwab & Co. Inc., TD Ameritrade, and SEI**

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Our firm receives economic benefit from Schwab, TD Ameritrade, and SEI in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts with them. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of their products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

### **Referral Fees**

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We pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with relevant state statutes and rules and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. Solicitors will not be used in the State of Pennsylvania until such time as they are properly registered under the Pennsylvania Securities Act of 1972. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

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## **ITEM 15. CUSTODY**

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State Securities Bureaus generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have limited custody of client funds and securities. As such, our firm has adopted the following safeguarding procedures:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm;
- b) Our firm sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and
- c) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account. As such, clients should always carefully review the accuracy of their billing statements received from their custodian.

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

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

## **ITEM 16. INVESTMENT DISCRETION**

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Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

## ITEM 17. VOTING CLIENT SECURITIES

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SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

We consider proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When we have discretion to vote the proxies of our clients, we will vote those proxies in your best interests and in accordance with these policies and procedures. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Raymond Carota at 610-828-1155 or by email at [rcarota@brandywinefinancialgroup.com](mailto:rcarota@brandywinefinancialgroup.com).

### Policy For Voting Proxies.

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All proxies received by our firm will be given to our chief compliance officer for processing. Our chief compliance officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated.

A grid of shares held by the client for each security being voted will be updated with each proxy being voted. Our chief compliance officer will review each item for voting on each proxy. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made. Any undefined issues will be referred to our president.

A listing of each proxy voted will be updated at the time the proxy is voted. Proxies will generally be voted online unless custodian requires mailed form. In the absence of specific voting guidelines from the client, we will vote proxies in the best interest of each particular client.

We look to ensure that our firm is compliant with the new exchange act rule 14a-11. In accordance with the aforementioned rule, our firm provides shareholders with the opportunity to nominate directors at a shareholder meeting under the applicable state or foreign law. Clients also have the ability to have their nominees included in the company proxy materials sent to all of our shareholders. Furthermore, the clients as shareholders also have the ability to use the shareholder proposal process to establish procedures for the inclusion of shareholder director nominations in company proxy materials.

### Proxies Voting Guidelines

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Where voting authority exists, proxies are voted by our firm in the best interests of plan beneficiaries:

- for directors and for management on routine matters.
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis.
- against the creation of a tiered board.

- for the elimination of cumulative voting.
- for independence of auditors
- for deferred compensation.
- for profit sharing plans.
- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive.
- for stock repurchases.
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders.
- for reductions in the par value of stock.
- for company name changes.
- for routine appointments of auditors.

We abstain on motions to limit directors' liability. Material issues not addressed above (e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis.

Our firm will defer to client voting policies as directed. Eligible shares are monitored against ballots received from custodians, and detailed records of all issues and votes are maintained and reported to clients as requested.

We recognize that under certain circumstances we may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. We shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. We shall not vote proxies relating to such issuers on behalf of client accounts until we have determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If we determine that a conflict of interest is not material, we may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined to be material, the conflict shall be disclosed to our management team and we shall follow the instructions of the management team. We shall keep a record of all materiality decisions and report them to the management team on an annual basis.

Our chief compliance officer will maintain files relating to our proxy voting procedures. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the last two years kept on our premises. Records of the following will be included in the files:

- copies of these proxy voting policies and procedures, and any amendments thereto.
- a copy of each proxy statement that we receive, provided however that our firm may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are available.
- a record of each vote that we cast.

- a copy of any document we created that was material to making a decision how to vote proxies, or that memorializes that decision.
- a copy of each written client request for information on how we voted such client's proxies, and a copy of any written response to any client request for information on how we voted their proxies.

Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Raymond Carota by phone at 610-828-1155 or email at [rcarota@brandywinefinancialgroup.com](mailto:rcarota@brandywinefinancialgroup.com).

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

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### **ITEM 18. FINANCIAL INFORMATION**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$500 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm has never been the subject of a bankruptcy proceeding.

Our firm has received financial assistance through the U.S. Small Business Administration's ("SBA") Economic Injury Loan ("EIL") program. The EIL program is intended to support small businesses in response to the COVID-19 pandemic by providing low-interest loans and granting a \$10,000 grant for business essential purposes. Although our firm has directly received funding from an outside entity, clients are not obligated to partner with any SBA lenders nor is our firm directly affiliated with the SBA outside of this unique situation. In addition, the funding is meant to provide relief to our firm's current operations and are not intended for soliciting business.

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