

# **Prism Advisory Group, LLC**

SEC File Number: 801 – 70938

## **ADV Part 2A, Firm Brochure**

**Dated: March 26, 2021**

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This brochure provides information about the qualifications and business practices of Prism Advisory Group, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (215) 579-0966 or [Richard@prismadvisoryllc.com](mailto:Richard@prismadvisoryllc.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 Prism Advisory Group, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Prism Advisory Group, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2 Material Changes

There have been material changes to this Brochure since our previous Annual Amendment filing made on March 5, 2020 as follows:

- Item 4, 5 and 10 – Updated disclosures to reflect Purshe Kaplan Sterling Investments, Inc as the broker-dealer where representatives of Prism Advisory Group, LLC are registered in their individual and separate capacity as registered representatives and the fact that the representatives will receive compensation for the sale of securities or other investment products in their capacity as registered representatives;
- Item 4 – Removed reference to the receipt of management fees or other incentive-based fees by Prism Funds LLC.
- Item 5 – Updated fee range to negotiable and 1.50%; and
- Item 14 – Updated to reflect disclosure for solicitor arrangements.
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In addition to the above material changes, the Firm has made disclosure changes, enhancements and additions at Items 4, 5, 7, 10, 12, and 14 below.

**Prism Advisory Group’s Chief Compliance Officer, Richard Simkus, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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## Item 4            Advisory Business

- A. Prism Advisory Group, LLC (the “Registrant”) is a limited liability company that was originally formed in November 2004 in the state of New Jersey and was domesticated in Pennsylvania in 2014. The Registrant was registered with the Securities and Exchange Commission as an investment adviser in December 2009. The Registrant is owned by Richard Simkus and Robert Savino. Richard Simkus is the Registrant’s Managing Member.
- B.

### **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and/or non-discretionary investment advisory services. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate or recommend that the client allocate investment assets consistent with the client’s designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to a client’s investment objectives.

To the extent specifically requested by a client, Registrant’s investment advisory services include financial planning and consulting services. In the event that the client requires extraordinary planning or consultation services (to be determined in the sole discretion of the Registrant), the Registrant reserves the right to charge for these additional services, the dollar amount of which will be set forth in a separate written notice to a client.

The Registrant may recommend the services of other professionals for implementation of financial planning recommendations, including the Registrant’s representatives in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments (“PKS”), and as licensed insurance agents. *See* Item 10.C below. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant.

If the client engages any recommended unaffiliated professional, and a dispute arises relative to this engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** the Registrant, shall be responsible for the quality and competency of the services provided.

Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Prism Model Portfolios (PMP)** The Registrant has developed model portfolios using ETFs and mutual funds to manage client accounts. The Registrant uses rebalancing software on the Fidelity WealthScape system. Currently, the Registrant offers five model portfolios: Growth, Diversified Fixed Income, Hedged Equity, Low Correlated, and ESG Growth. These model portfolios incorporate the Registrant’s research ideas across accounts, and help the Registrant efficiently invest and rebalance accounts, when necessary. Before recommending one or more of its models to a client, the Registrant and

the client will determine the client's investment objective so that the client can choose the appropriate model.

### **MISCELLANEOUS**

**Financial Planning and Consulting (Stand-Alone):** The Registrant may provide financial planning or consulting services on investment and non-investment-related matters (e.g., estate planning and insurance planning). These services are offered on a stand-alone fee basis and the amount of the fee is based on the level and scope of the services required and the professionals rendering the services. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.

We do not serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, we do not prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including representatives of Registrant in their separate individual capacities as representatives of PKS, a FINRA member broker-dealer, and/or as licensed insurance agents. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Registrant or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises relative to the engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** the Registrant, shall be responsible for the quality and competency of the services provided.

**Affiliated Private Fund.** The Registrant, on a non-discretionary basis, may recommend that qualified clients consider investing in an affiliated private fund. The terms and conditions for participation in an affiliated private fund, including conflicts of interest and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund.

Private investment funds involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency. A complete discussion of each fund's risk factors is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement,

where the client will be required to represent that they are qualified for investment in the fund, and that they understand the various risk factors that are associated with the investment.

Prism Advisory Group LLC does not receive an investment management fee and does not receive any other incentive-based compensation with respect to its management of the affiliated private fund. However, some of our representatives have a limited partner interest in the fund. **The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions regarding this conflict of interest.**

**Independent Managers.** Registrant may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The client is under no obligation to engage an Independent Manager[s]. **The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Registrant's ongoing investment advisory fee, subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). Registrant's advisory fee is set forth in the fee schedule at Item 5 below.**

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot execute any account transactions without obtaining the client's consent. For instance, although the firm does not recommend market timing as an investment strategy, in the event of a market correction event where the firm cannot reach the client, a client may suffer investment losses or miss potential investment gains. Thus, in the event that Registrant would like to make a transaction for a client's account, and client is unavailable, the Registrant will be unable to effect the account transaction (as it would for its discretionary clients) **without first obtaining the client's consent.**

**Idle Assets.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Retirement Plan Rollovers:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account

value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, this recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

**MoneyGuidePro and Black Diamond.** Registrant may use MoneyGuidePro or Black Diamond (collectively, "Aggregators") to aggregate client accounts. The Aggregators allow a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client or their other advisor that maintain management authority for the Excluded Assets, and not Registrant, shall be responsible for the investment performance of the Excluded Assets. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory Agreement* between Registrant and the client. The Aggregators also provide clients to change variables or input data to simulate various investment and retirement outcomes. However, these simulations should not be viewed as services, advice, or recommendations provided by Registrant.

**Use of Mutual Funds and ETFs.** Registrant utilizes mutual funds and exchange traded funds for its client portfolios. While the Registrant may recommend allocating investment assets to mutual funds that are not publicly available, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and ETFs that a client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds or ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. The Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary, nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity.

**Disclosure Statement.** A copy of the Registrant's written Privacy Notice, Disclosure Brochure as set forth on Part 2 of Form ADV and Form CRS shall be provided to each

client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, the Registrant shall allocate or recommend that the client allocate investment assets consistent with the designated investment objective(s). A client may impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2020, the Registrant had \$38,329,257 in assets under management on a discretionary basis and \$146,068,270 in assets under management on a non-discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management and is negotiable but generally does not exceed 1.5%.

The Registrant does not generally require an annual minimum fee or asset level for investment advisory services although it reserves the right to accept or reject any prospective client.

Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the Registrant's investment advisory fee and to remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Fidelity Brokerage Services ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Custodians such as *Fidelity* charge brokerage commissions and/or transaction fees for executing certain securities transactions. In addition, client accounts may invest in open-end mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant.

- C. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's Principals, Richard Simkus and Robert Savino, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PKS, PKS will charge brokerage commissions to execute securities transactions, a portion of which commissions PKS will pay to Registrant's representatives, as applicable. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. If clients purchase mutual funds on a commission-basis in a brokerage account, PKS, as well as Registrant's Representatives, will also receive Rule 12b-1 fees during the period that the client maintains the investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from PKS presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. . Additionally, the Registrant generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. No client is under any obligation to purchase any commission products from Messrs. Simkus or Savino **The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory



clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.

4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for their advisory services.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees. However, the certain of Registrant's representatives have a limited partner interest in an affiliated private fund. Each private fund's organizational and offering documents describe in detail any allocation arrangements.

The performance of the affiliated private fund does not directly drive the compensation structure of our representatives, although our representatives have a limited partner interest in the affiliated private fund.

## **Item 7 Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations.

Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. ANY QUESTIONS: Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

A. The Registrant may use the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may use the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)

- Short Term Purchases (securities sold within a year)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, private funds, including the affiliated private fund, independent managers and mutual funds, on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Certain of the Registrant's Principals are also registered representatives of a broker-dealer. See Item 5.E above for additional information about this relationship and the conflicts of interest this relationship creates. The Registrant, however does not have an application pending to register as a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Registered Representatives of a Broker Dealer.** As disclosed above in Item 5.E, Registrant's Principals, Richard Simkus and Robert Savino, are registered representatives of PKS, a FINRA member broker-dealer. Clients can choose to engage Registrant's Principal and/or Representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation by either Richard Simkus or Robert Savino that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Richard Simkus or Robert Savino. Clients are reminded that they may purchase securities products recommended by the Registrant through other, non-affiliated registered representatives of a broker-dealer. **The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Insurance Agents.** The Registrant's Principals, Richard Simkus and Robert Savino, in their separate and individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. See Item 4.B above for additional information on the conflicts of interest associated with these activities.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients. As disclosed above, representatives of the Registrant have a limited partner interest in an affiliated private fund.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, the Registrant has a financial interest in the affiliated private fund. The Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the affiliated private fund. The terms and conditions for participation in the affiliated private fund, including conflicts of interest and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest the arrangement creates.

- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Fidelity. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant’s clients shall comply with the Registrant’s duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Fidelity (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as the result of this arrangement. There is no corresponding commitment made by Registrant to Schwab, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

There is no corresponding commitment made by the Registrant to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. Registrant recommends that its clients utilize the brokerage and custodial services provided by Fidelity. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In such client directed arrangements, the client will negotiate

terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to execute securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant’s Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be executed independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian

and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant receives an indirect economic benefit from Fidelity. The Registrant, without cost (and/or at a discount), may receive support services and/or products from Fidelity.

There is no corresponding commitment made by the Registrant to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

If a client is introduced to Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Registrant and the solicitor, including the compensation to be received by solicitor from the Registrant.

**The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest this arrangement creates.**

- B. The Registrant, and its representatives may compensate, directly or indirectly, non-supervised person(s) for client referrals.

#### **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant engages in other practices and services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Also, certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from the

Registrant to transfer client funds to “third parties.” These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC’s February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client’s account, client shall be required to execute Investment Advisory Agreement, naming the Registrant as client’s attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client’s name for found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant’s discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant’s use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets.

The Registrant will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client’s account or the issuers thereof.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. However, the Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its non-discretionary authority over client accounts.



- C. The Registrant has not been the subject of a bankruptcy petition.

**The Registrant's Chief Compliance Officer, Richard Simkus, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**