

# Long Island Financial Advisors, Inc.

SEC File Number: 801 – 61594

## **ADV Part 2A, Firm Brochure** **Dated: March 29, 2021**

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**This brochure provides information about the qualifications and business practices of Long Island Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (631) 289-4224 or [mark@snydercapitalmanagement.com](mailto:mark@snydercapitalmanagement.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 Long Island Financial Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Long Island Financial Advisors, Inc. 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 no material changes made to Long Island Financial Advisors, Inc.'s disclosure statement since its last Annual Amendment filing made on March 27, 2020.

Although not material, Long Island Financial, Inc., has made the following updates and enhancements:

- Item 1 – Updated email address for Mark J. Snyder, the Chief Compliance Officer;
- Item 4 – Updated and enhanced certain disclosures;
- Item 5 – Updated and enhanced disclosure related to fee dispersion;
- Item 7 – Updated and enhanced disclosure related to fee dispersion;
- Item 10. C. – Updated and enhanced disclosures related to conflicts of interest;
- Item 12 – Updated and enhanced disclosures related to brokerage practices; and
- Item 16 – Updated and enhanced disclosures related to investment discretion.

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#### **Item 4            Advisory Business**

- A. Long Island Financial Advisers, Inc. (the “Registrant”) is a corporation formed on September 3, 2002, in the State of New York. The Registrant became registered as an Investment Adviser Firm in December 2002. The Registrant is owned by Mark J. Snyder, who also serves as the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, pension and profit-sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis as described below. If a client engages the Registrant on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. All wrap fee programs are provided by Royal Alliance (“*Royal*”) subject to the terms and conditions of those wrap fee program agreements. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

The Registrant provides investment advisory services specific to the needs of each client. To commence the investment advisory process, Registrant will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, Registrant provides ongoing supervision of the account(s). Before engaging Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory 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 fee that is due from the client..

#### **NON-WRAP FEE BASIS**

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a non-wrap *fee* basis. The Registrant’s annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under management as set forth in Item 5 below. Prior to engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and any fees that are due from the client prior to Registrant commencing services.

#### **WEALTH MANAGEMENT PROGRAM**

The Registrant is a participating investment advisor in the Wealth Management Program (the “*Program*”), sponsored by *Royal*. Under the *Program*, the Registrant is able to offer participants discretionary and non-discretionary investment management services, for a single specified annual *Program* fee, inclusive of trade execution, custody, reporting, and investment management fees. Participants in the Program will enter into a separate

agreement with the Program Sponsor, and pay their fees directly to the Program Sponsor (who, in turn, will remit a portion of those fees to Registrant).

The *Program* provides comprehensive investment management of client assets through the provision of web-based asset allocation tools, as well as execution, clearing and custodial services. With respect to its asset allocation services, the *Program* to provide clients access to a risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

The *Program* may be offered by the Registrant on a 1) *Discretionary Trading Basis* or 2) *Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation*. In an account with Discretionary Trading, Registrant may purchase or sell load waived, no-load mutual funds and other equity and debt securities for accounts not included in the initial asset allocation, without obtaining specific client approval for each transaction. In an account with *Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation*, the Registrant will only purchase or sell securities which have been approved by clients in advance. The Registrant will initiate an initial asset allocation with the client's prior review and approval. However, the Registrant may rebalance the account to maintain the initial agreed upon asset allocation, without prior client consent.

The complete list of services, terms and conditions for client participation in the *Program*, and associated fees are set forth in detail in the Royal Alliance Part 2A – Appendix 1 Brochure, which is presented to all existing and prospective *Program* participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Royal Alliance Part 2A – Appendix 1 Brochure is incorporated into this Brochure by reference. All existing and prospective *Program* participants should read both the Registrant's Brochure and the Royal Alliance Part 2A – Appendix 1 Brochure, and ask any corresponding questions that they may have, prior to participation in the *Program*. *Royal* shall serve as the custodian for *Program* accounts.

**Please Note:** Since the custodian/broker-dealer is determined by the Program Sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, participants 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 through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. As indicated in the Royal Part 2A – Appendix 1 Brochure, participation in the *Program* may cost more or less than purchasing such services separately. As also indicated in the Royal Part 2A – Appendix 1 Brochure, the *Program* fee charged by Registrant for participation in the *Program* may be higher or lower than those charged by other sponsors of comparable wrap fee programs. **The Registrant's Chief Compliance Officer, Mark J Snyder, remains available to address any questions that a client may have regarding participation in a wrap fee program.**

## FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related

matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s) per the terms and conditions of a separate agreement and a separate fee as discussed at Item 5 below, the fee for which shall be based upon the individual providing the service and the scope of the services to be provided. In the event the client terminates Registrant's financial planning services, the balance, if any, of Registrant's fee shall be refunded to the client. Prior to engaging the Registrant to provide planning or consulting services, clients are 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. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's President Mark J. Snyder and/or representatives, in their individual capacities as registered representatives of Royal Alliance Associates and/or and as licensed insurance agents. (*See* disclosure at Item 10 C.) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such 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. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by the client, Registrant will generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant will generally provide such consulting on a separate fee basis as set forth at Item 5 below. Registrant believes that it is important for the client to address financial planning issues on an ongoing basis. Registrant's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Registrant. **Please Note:** We **do not** serve as an attorney or accountant, and no portion of our services should be construed as same. 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 purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Registrant in their separate individual capacities as representatives of Royal Alliance ("Royal"), an SEC registered and FINRA member broker-dealer, licensed insurance agents and/or Certified Public Accountants. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives (*see* Item 10 below). **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such 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.

**Conflict of Interest:** The recommendation by a Registrant representative that a client purchase a securities or insurance commission product from one of Registrant's representatives in his/her individual capacity as a representative of *Royal* and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from any of Registrant's representatives. Clients are reminded that they may purchase the same securities and insurance products recommended by Registrant through other, non-affiliated broker-dealers and/or insurance agents.

**Variable Annuity Management.** The Registrant may be engaged to allocate client investment assets on a discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. The Registrant manages the variable annuity on a tactical investment strategy basis, the objective of which is to be invested in the equity market during an anticipated uptrend and in cash during an anticipated pullback/correction. Of course, there can be no assurance or guarantee that the Registrant's market decisions will be correct or profitable. The Registrant includes the variable product assets as part of "assets under management" for the purposes of calculating its annual advisory fee. In the event that the variable product is sold on a commission basis by one of the Registrant's representatives in his/her individual capacity as a registered representative of *Royal*, and the client thereafter determines to engage the Registrant to manage the product by allocating among the investment subdivisions, the Registrant's management fee shall be waived. No client is under any obligation to purchase a variable product from the Registrant's representatives. **The offer and sale of such a commission product presents a conflict of interest (Please see disclosure in Item 5E below). The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**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 effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Retirement Rollovers-Conflict of Interest:** 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, such a recommendation creates a conflict of interest if the Registrant will earn a larger advisory fee on the assets subsequent to the rollover. **No client is under any obligation to rollover retirement plan assets to**

**an account managed by Registrant. Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.**

**Availability and Use of Mutual and Exchange Traded Funds.** Most mutual funds and exchange traded funds are available directly to the public. Thus, a client or prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a client or prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services with respect to management of the assets. **Please Note:** In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, 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, 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. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s). Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Positions.** 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. Unless otherwise agreed in writing, all such cash positions, e.g. money market funds or certificates of deposits, are included as part of assets under management for purposes of calculating the Registrant's advisory fee. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**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, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Privacy Notice and Disclosure Brochure as set forth on ADV Part 2A, ADV Part 2A Appendix 1 (as applicable), ADV Part 2B and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*. Any client who has not received a copy

of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* and/or *Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- 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 objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. **Wrap / Separately Managed Account Programs:** In the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs. **Please Note:** Since the custodian/broker-dealer is determined by the unaffiliated wrap and/or managed account program sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, clients 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 through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client may have regarding participation in a wrap fee program.**
- E. As of December 31, 2020, the Registrant managed \$29,773,661 in assets under management on a discretionary basis and \$8,056,573 in assets under management on a non-discretionary basis.



## Item 5 Fees and Compensation

A.

### NON-WRAP FEE BASIS

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a negotiable *fee* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (generally between 1.00% and 2.50%) as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$50,000-\$99,999	2.50%
\$100,000-\$249,999	2.50%
\$250,000-\$499,999	2.25%
\$500,000-\$749,999	2.00%
\$750,000-\$999,999	1.75%
\$1,000,000-\$1,249,999	1.75%
\$1,250,000-\$1,999,999	1.50%
\$2,000,000-\$4,999,999	1.25%
\$5,000,000-\$24,999,999	1.25%
\$25,000,000 +	1.00%

The Registrant's investment advisory fee is negotiable at Registrant's discretion, and Registrant 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.). Additionally, if the client makes deposits to its accounts during a fee period, *Royal* will automatically credit back the client for fees charged in excess of the annual fee. 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. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions regarding fees.**

### WEALTH MANAGEMENT PROGRAM

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Royal Alliance Part 2A – Appendix 1 Wrap Fee Program Brochure, a copy of which is presented to all existing and prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual *Program* fee charges a maximum of 2.50% depending upon the amount and type of the *Program* assets. **Please Note:** Since the custodian/broker-dealer is determined by the Program Sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, participants 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 through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** As indicated in the Royal Part 2A – Appendix 1 Brochure, participation in the *Program* may cost more or less than purchasing such services separately. As also indicated in the Royal Part 2A – Appendix 1 Brochure, the *Program* fee charged by Registrant for participation in the *Program* may be higher or lower than those charged by other sponsors of comparable wrap fee programs. **The Registrant's Chief Compliance Officer, Mark J Snyder, remains available to address any questions that a client may have regarding participation in a wrap fee program.**

#### EMPLOYER SPONSORED RETIREMENT PLAN ALLOCATION SERVICES

Registrant also provides investment management services to clients relative to their individual employer-sponsored retirement plans. In so doing, Registrant either directs or recommends the allocation of client assets among the various investment alternatives that comprise the retirement plan. For these services, Registrant's management fee is paid quarterly in arrears, the amount of which management fee shall vary (between 0.25% and 1.00%) based upon the market value of the assets on the last business day of the previous quarter.

#### VARIABLE ANNUITY SUB-ACCOUNT SERVICES

Registrant may provide management services for variable annuity sub-accounts. For these services, Registrant's management fee is paid quarterly in arrears, the amount of which management fee shall vary (generally between 0.25% and 1.00%) based upon the market value of the assets on the last business day of the previous quarter. If the variable annuity product was sold by one of the Registrant's representatives, on an upfront commission basis in their capacity as a registered representative of *Royal*, the Registrant's management fee is waived.

#### FINANCIAL PLANNING AND CONSULTING SERVICES FEES

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$200 to \$1000 on a fixed fee basis, and from \$100 to \$200 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). In the event the client terminates Registrant's financial planning services, the balance, if any, of Registrant's fee shall be refunded to the client.

- B. Clients may have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly 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. Unless otherwise agreed, the Registrant's investment management 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. Clients whose assets are managed within the *Program* will have their

accounts debited for investment management fees on a quarterly basis, in advance, based upon the market value of assets on the last day of the previous quarter. In addition to Registrant's investment advisory fee, brokerage commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the fund level, are in addition to Registrant's investment advisory fees referenced in this Item 5.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Royal* and/or *Pershing* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Royal* and/or *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Unless otherwise agreed, the Registrant's annual investment management 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. Clients whose assets are managed within the Program will have their accounts debited for investment management fees on a quarterly basis, in arrears, based upon the market value of assets on the last 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 prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Commission Transactions.** In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of *Royal*, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Royal*, *Royal* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Royal* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *Royal* may be higher or lower than those charged by other broker-dealers. In addition, *Royal* may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment and only on commissionable accounts. Please note, Registrant does not receive 12b-1 fees or commissions.
  - 1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Royal* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under

any obligation to purchase any commission products from *Royal*. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

2. **Please note:** 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 for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis. See the **Variable Annuity Sub-Account Services** disclosure above for situations where the Registrant may charge advisory fees on products for which commission compensation may have been received.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not require a minimum asset level in order to provide investment advisory services. Additionally, the Registrant does not require a minimum fee when providing financial planning and consulting services.

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, Mark J. Snyder, 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 utilize 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 utilize 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)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. 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). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

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, 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.

In addition to the fundamental investment strategies discussed above, the Registrant may also utilize covered calls. (See discussion below).

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equities and fixed income securities, unaffiliated private funds, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). Each type of security has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with investing in these types of securities:

**Market Risk.** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

**Unsystematic Risk.** Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

**Value Investment Risk.** Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

**Growth Investment Risk.** Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

**Small Company Risk.** Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

**Interest Rate Risk.** Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invests it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

- D. The Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative) as designated on the Investment Advisory Agreement. Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.



## Item 9 Disciplinary Information

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

## Item 10 Other Financial Industry Activities and Affiliations

- A. As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of Royal Alliance Associates, Inc. ("*Royal*") an SEC registered and FINRA member broker-dealer. However, the Registrant is not registered, nor does it 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 *Royal*.** As disclosed above in 5.E, certain of Registrant's representatives, are registered representatives of *Royal*, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives, including Registrant's President, Mark J. Snyder, in their individual capacities as registered representatives of *Royal*, to implement investment recommendations on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's representatives including Registrant's President, Mark J. Snyder, in their individual capacities as registered representatives of *Royal*, that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend securities products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives, including Registrant's President Mark J. Snyder. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker dealers. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Other Investment Adviser.** The Registrant is affiliated with Mark J. Snyder Financial Services, Inc., ("*MJSFS*") an SEC registered investment adviser firm. *MJSFS* offers investment management and, to the extent specifically requested, financial planning and consulting services to its clients. *MJSFS* offers its services to individuals, trusts, estates and charitable organizations, and business entities. The Registrant's President, Mark J. Snyder, also serves as the President of *MJSFS*. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Conflict of Interest:** The recommendation by Registrant or its representatives that a client seek investment advisory services from *MJSFS* presents a conflict of interest as both entities are affiliated. Accordingly, Registrant and its representatives do not generally refer clients to *MJSFS* to receive investment advisory services. Clients are reminded that they are not under any obligation to pursue investment advisory services from *MJSFS*. The

client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above.**

**Certified Public Accountants.** Certain Associated Person(s) of Registrant, in their individual capacities, are Certified Public Accountants. Registrant does not render accounting advice nor tax preparation services to its clients. In the event Registrant refers clients to such Associated Persons to receive various accounting services, all such Associated Persons shall render such services in their individual capacity as certified public accountants. Registrant shall not receive any portion of the fees charged (referral or otherwise) by such Associated Persons for accounting services rendered.

**Conflict of Interest:** The recommendation by Registrant that a client engage its Associated Person(s) representatives the capacity as Certified Public Accountant(s) presents a conflict of interest, as Registrant could have the incentive to make such a recommendation based on funds received, rather than on a particular client's need. No client is under any obligation to engage such Associated Person(s) in such a capacity and clients are reminded that they may engage other non-affiliated Certified Public Accountants. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Insurance Agents.** Certain of Registrant's representatives in their individual capacities, including Registrant's President, Mark J. Snyder, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to effect insurance transactions on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's representatives including Registrant's President, Mark J. Snyder, in their individual capacities as licensed insurance agents, that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives, including Registrant's President Mark J. Snyder. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional, and **not** Registrant, shall be responsible for the quality and competency of the services provided. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

**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 Associated Persons 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. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- 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 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; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- 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 *Royal and/or Pershing*. 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 *Royal and/or Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as *Royal and Pershing* can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to *Royal and/or Pershing*, the transaction fee shall be in addition to Registrant's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Registrant shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the 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, transaction rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

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. Non-Soft Dollar 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 *Royal and/or Pershing* (or another broker-dealer/custodian, investment platform, 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 *Royal and/or Pershing* as the result of this arrangement.

There is no corresponding commitment made by the Registrant to *Royal and/or Pershing* 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 a result of the above arrangement.

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

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected 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.

**Please Note:** In the event that the client directs Registrant to effect 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 effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

**The Registrant's Chief Compliance Officer, Mark J. Snyder, 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 effected 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. In certain instances, the Firm may determine to execute managed account trades in the same security individually

and within close proximity of each other from a timing perspective. While the firm typically endeavors to bunch trade orders in the same security where possible, individual trades may be necessary. Individual trades of the same security, while infrequent, occur in connection with individualized review applied to each account. Depending upon the circumstances presented with a particular account review, the representative may determine that it is in a client's best interest to effectuate trades after the appropriate portfolio analysis has been conducted. As a result, certain clients may receive different execution prices in relation the same security.

### **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 Chief Compliance Officer. 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 economic benefit from *Royal* and/or *Pershing*. The Registrant, without cost (and/or at a discount), receives support services and/or products from *Royal* and/or *Pershing*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Royal* and/or *Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Royal* and/or *Pershing* 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 a result of the above arrangement.

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

- B. Registrant does not maintain solicitor arrangements/pay referral fee compensation to non-employees for new client introductions

- C. Registrant does not compensate its employees, directly or indirectly, compensation , in addition to the employee's regular salary for obtaining clients for the Registrant.

## **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.

**Please Note:** 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. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **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*, 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.

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 beneficially 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.
- 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. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**