

# Westfield Financial Planning

## Brochure

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**This brochure provides information about the qualifications and business practices of Prospect Capital Services, Inc. dba Westfield Financial Planning. If you have any questions about the contents of this brochure, please contact us at (908) 379-2706. 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 Prospect Capital Services, Inc. dba Westfield Financial Planning is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Prospect Capital Services, Inc. dba Westfield Financial Planning 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**

The material changes in this brochure from the last annual updating amendment of Westfield Financial Planning on 03/23/2020 are described below. Material changes relate to Westfield Financial Planning's policies, practices or conflicts of interests.

- Westfield Financial Planning has updated types of clients (Item 7).

### **Item 3            Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	8
Item 6	Performance-Based Fees and Side-by-Side Management .....	10
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information .....	11
Item 10	Other Financial Industry Activities and Affiliations .....	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12	Brokerage Practices .....	13
Item 13	Review of Accounts.....	15
Item 14	Client Referrals and Other Compensation .....	15
Item 15	Custody.....	16
Item 16	Investment Discretion.....	16
Item 17	Voting Client Securities.....	17
Item 18	Financial Information .....	17

#### Item 4            Advisory Business

- A. Prospect Capital Services, Inc., dba Westfield Financial Planning (hereinafter “Westfield Financial Planning”) (the “Registrant”) was incorporated on January 2006 in the State of New Jersey. The Registrant became registered as an Investment Adviser Firm in November 2017. The Registrant is principally owned by Mark Swingle.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services and financial planning and related consulting services.

#### INVESTMENT MANAGEMENT SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* 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, generally between 0.50% and 1.50%.

Registrant's annual advisory fee shall include investment management services and financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in advance in a separate written notice to the client

#### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). 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. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professionals. 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. **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.

## PENSION CONSULTING SERVICES

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a consulting agreement between the Registrant and the plan sponsor.

## SUBSCRIPTION SERVICES AND EDUCATIONAL WORKSHOPS

The Registrant provides monthly newsletters and quarterly educational workshops to clients free of charge.

## MISCELLANEOUS

### **Limitations of Financial Planning and Non-Investment Consulting/Implementation.**

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, etc. **Please Note:** 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, etc.). 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. **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.

**Please Note: 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 consent to any such transaction(s) from the client. Thus, in the event of a market correction during which 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 Plan Rollovers – No Obligation / Potential for 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 new (or increase its current) advisory fee as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA

managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974 (“ERISA”), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan (“Plan”) organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then the Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Independent Managers.** Registrant may allocate (and/or 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 investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Registrant’s ongoing investment advisory fee,** which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

**eMoney.** In conjunction with the services provided by eMoney, the Registrant may also provide access to account aggregation services, which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets that we manage (the “Excluded Assets”). **The client and/or their other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets.** In addition, eMoney also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by Registrant. Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. If Registrant is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may engage the Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between Registrant and the client.

**Please Note: 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. All cash positions held within a client's portfolio may (money markets, etc.) be included as part of assets under management for purposes of calculating the Registrant's advisory fee. The Registrant does not typically include cash held in a client account for distribution purposes in its calculation of its advisory fee.

**Unaffiliated Private Investment Funds.** Registrant may also provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally 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 which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value reflected on the report.

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a 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 prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services. **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).

**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 Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the advisory 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 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. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2020, the Registrant had \$ 155,239,178 in assets under management on a discretionary basis and \$ 198,775 on a non-discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **INVESTMENT MANAGEMENT SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a negotiable *fee-only* 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, between 0.50% and 1.50%, generally as follows:

<u>Assets Under Management</u>	<u>Level Annual Fee</u>
Up to \$500,000	1.50%
Over \$500,001 up to \$2,000,000	1.25%
Over \$2,000,001 up to \$5,000,000	1.00%
Over \$5,000,001 up to \$10,000,000	0.80%
Over \$10,000,001	0.50%



### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### **PENSION CONSULTING SERVICES**

The Registrant acts as a pension consultant for pension and profit sharing plans. Registrant first determines the investment objectives and requirements that are appropriate for each plan and then recommends various prospective investment alternatives for the plan's review and consideration including, but not limited to, mutual funds and/or separate account managers/programs (for approval by each plan sponsor) that best fulfill the investment objectives within each investment category. Registrant's fee will be based on a percentage (%) of the assets within the plan, and shall generally vary (between 0.50% and 1.00%) depending upon the level and scope of service(s) required and the professional rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's 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. 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.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that TD Ameritrade, Inc. ("*TD Ameritrade*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *TD Ameritrade* 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). In addition to Registrant's investment management 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).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based market value of the assets under management on the last business day of the previous quarter. The Registrant generally requires a minimum of \$250,000 of assets under management for investment advisory services. The Registrant, in its sole discretion, may engage a client with a lesser amount of assets.

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount

of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. 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 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 that 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. Neither the Registrant, nor its representatives, accept compensation from the sale of securities or other investment products.

## **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 and pension and profit sharing plans.

There is an account minimum of \$250,000, which may be waived by The Registrant in its discretion.

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

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

- 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)
- Cyclical – (analysis performed on historical relationships between price and market trends, 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)

**Please Note: Investment Risk.** 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). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The Registrant's method of analysis does 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 mutual funds (including closed end funds), exchange traded funds, individual equities (stocks) and debt instruments (bonds), on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9           Disciplinary Information**

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of 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. Westfield Financial Planning presents several client events over the course of a year. For some events, Westfield Financial Planning vendors (mutual fund companies, insurance companies, or record keepers) help with client event sponsorship and may mitigate Westfield Financial Planning's costs by providing partial payments to event providers directly. This causes a conflict in that the firm has an incentive to direct

business to the vendors/fund companies who provide event sponsorship assistance. The firm mitigates this by permitting multiple vendors/fund companies to co-sponsor events with the firm. The firm will always act in the client's best interest without regard to event sponsorship.

- 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 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. 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 the 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 11C, 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. Custodians/broker-dealers will be recommended based on The Registrant's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a client on terms that are the most favorable to the client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and The Registrant may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of The Registrant. The Registrant will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

The Registrant participates in the TD Ameritrade Institutional program. TD Ameritrade, Inc. ("TD Ameritrade") Member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. The Registrant receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below).

### **1. Research and Additional Services**

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 *TD Ameritrade* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) 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 *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *TD Ameritrade* 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.

#### Additional Economic Services

Registrant has received from *TD Ameritrade*, certain additional economic services ("Additional Services") that may or may not be offered to the Registrant again in the future. Specifically, the Additional Services include payment of the Registrant's first year expenses related to its use of Black Diamond services and partial payment (up to \$20,000) for the Registrant's second year expenses related to its use of Black Diamond services. The Registrant has no expectation that these Additional Services will be offered again; however the Registrant may negotiate for these or similar Additional Services in the future. *TD Ameritrade* provides the Additional Services to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay any fees to *TD Ameritrade* for the Additional Services. Provision of Additional Services, most likely, takes into account the amount and profitability of assets to TD Ameritrade.

#### Other Economic Benefits

Several unaffiliated product and/or mutual fund sponsors have made one off payments to third party venues and related service vendors in connection with client events hosted by the Registrant. The estimated annual aggregate value of such support received does not exceed \$5,000. Sponsorship of Registrant's client events is infrequently and irregular. Each payment is non-recurring and individually negotiated. The Registrant has no expectation that this support will be offered again; however, the Registrant may negotiate for support from unaffiliated product and/or mutual fund sponsors again in the future.

**The Registrant's Chief Compliance Officer, Mark Swingle, 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. 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. **Please Also Note:** Transactions for directed

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

**The Registrant's Chief Compliance Officer, Mark Swingle, 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 obtain 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 a periodic basis by the Registrant's Principal, at least annually. 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 disclosed under Item 12.A.1 above, The Registrant participates in TD Ameritrade's institutional customer program and The Registrant may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between The Registrant's participation in the Program and the investment advice it gives to its clients, although The Registrant receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving The Registrant participants; access to

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

**The Registrant's Chief Compliance Officer, Mark Swingle, 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. The Registrant does not compensate non-advisory personnel (solicitors) 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.

**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 an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name 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 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 Swingle, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**