

Winters Financial Group, Inc.
CRD# 309549

ADV Part 2A, Firm Brochure
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This brochure provides information about the qualifications and business practices of Winters Financial Group, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (805) 497-1717. 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 Winters Financial Group, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Winters Financial Group, 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

This Disclosure Brochure has been materially amended to indicate that Winters Financial Group, in accordance with its status as a Large Advisory Firm, has transitioned to SEC registration.

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Item 4 Advisory Business

- A. Winters Financial Group, Inc. (the “Registrant”) is a corporation that was formed on April 13, 1999 in the state of California and has been in the business of providing investment advisory services since October of 2020. The corporation previously operated as a mortgage brokerage and to localize business expenses. Richard Winters is the Registrant’s Principal owner.

B.

INVESTMENT ADVISORY SERVICES

The Registrant provides non-discretionary advisory services on a fee-basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management.

To commence the investment advisory process, after the client has signed an *Investment Management Agreement*, an investment adviser representative will ascertain each client’s investment objectives and then allocate or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and will review account performance and asset allocation as compared to client investment objectives, and may periodically recommend execution of account transactions based upon such reviews.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

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.

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.

RETIREMENT PLAN CONSULTING SERVICES

The Registrant also provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a *Retirement Plan Services Agreement* between the Registrant and the plan sponsor.

If the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

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. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. The Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired.

The Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. The Registrant does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, the Registrant does not prepare estate planning documents or tax returns.

To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including the Registrant's Principal in his individual capacity as a registered representative of The Leaders Group, Inc. ("Leaders") and/or as a licensed insurance agent. (See disclosures at Item 5.E. and 10.C.). Client are 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. The Registrant does not receive any form of compensation for referring clients to other professionals.

If the client engages any such 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 Registrant, shall be responsible for the quality and competency of the services provided.

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 an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Therefore, 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.

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). Although Registrant generally recommends institutional share classes, in certain instances when institutional share classes are not available Registrant may recommend other classes, including no-load funds.

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 conduct reviews 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 account's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to an account are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

eMoney Advisor Platform and ByAllAccounts. Registrant may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney") or ByAllAccounts. The eMoney platform and ByAllAccounts allow a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Registrant's service relative to the Excluded Assets is limited to reporting only. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.

Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an advisory agreement between Registrant and the client.

The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

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 (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee.

Client Obligations. In performing its services, the 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 its responsibility to promptly notify the Registrant if there is ever any change in an underlying client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth in Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of an 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 obtain the underlying client's investment objective from the client. 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 April 30, 2021, the Registrant had \$117,721,850 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

The Registrant's annual investment advisory fee is negotiable at its discretion, but typically ranges from 0.50% and 2.00% of the total assets placed under the Registrant's management, 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.

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, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$500 to \$3,000 on a fixed fee basis, and \$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). The Registrant typically requires clients to pay up to ½ of its financial planning fee upon execution of the financial planning agreement. The balance for the financial planning engagement shall be due upon completion of the project. The Registrant does not solicit fees of more than \$500, per client, six months or more in advance.

RETIREMENT PLAN CONSULTING SERVICES

The Registrant provides retirement plan consulting services in the capacity of a 3(21) advisor, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The Registrant's annual fee for these services shall generally range from 0.20% up to 0.75% of the total assets maintained within the plan.

- B. Clients may elect to have the Registrant's advisory fees deducted from underlying client's custodial accounts. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall generally deduct fees and/or bill clients quarterly in arrears based upon the value of the account as of the last day of the billing period.
- C. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain 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. The 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 agreement. Upon termination, the Registrant shall debit any earned and unpaid advisory fee due based upon the number of days the account was serviced during the final billing quarter.

To the extent a client has prepaid a portion of a financial planning fee and determines to terminate the engagement prior to the deliver of a completed financial plan, the Registrant shall refund the unearned portion of the advanced fee. Conversely, if the value of the financial planning work completed as of the time of termination exceeds the amount of the financial fee paid in advance, the Registrant shall invoice the client for the difference.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage the Registrant's Principal in his individual capacity as a registered representative Leaders, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Leaders, Leaders will charge brokerage commissions to effect securities transactions, a portion of which commissions Leaders shall pay to Registrant's Principal, as applicable. The brokerage commissions charged by Leaders may be higher or lower than those charged by other broker-dealers. In addition, Leaders, relative to commission mutual fund purchases, 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.
 - 1. **Conflict of Interest:** The recommendation that a client purchase a commission product from Leaders 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 Leaders.
 - 2. Clients may purchase investment products recommended by Registrant through

other, non-affiliated broker dealers or agents.

3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client 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 advisory 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.

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, trusts and estates, charitable organizations and business entities.

The Registrant does not require a minimum asset value or impose a minimum annual fee requirement for investment advisory services.

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)

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.

Investors generally face the following types investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, 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.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- 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, and Trading 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, ETFs, and individual equities on a non-discretionary basis in accordance with the client's designated investment objective(s)

Item 9 Disciplinary Information

The Registrant has not been the subject of a disciplinary action.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of unaffiliated Broker-Dealer.** The Registrant's Principal is also a registered representative of an unaffiliated FINRA member 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 Representative of Leaders.** The Registrant's Principal is also a registered representative of The Leaders Group, a FINRA member broker-dealer ("Leaders"). Clients may choose to engage Mr. Winters, in his separate capacity as registered representative of Leaders to implement investment recommendations on a commission basis.

Licensed Insurance Agents. Mr. Winters, in his individual capacity, is also a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4. B above, clients can engage Mr. Winters, in his separate capacity as licensed insurance agent, to purchase insurance products on a commission basis.

Conflicts of Interest: The recommendation by Registrant that a client purchase securities or insurance products on a commission basis presents conflicts of interest, as the receipt of commissions may provide an incentive to recommend securities or insurance 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 Mr. Winters. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, non-affiliated registered representatives of a broker-dealer or insurance agents.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients. However, to the extent that the Registrant selects an adviser on behalf of a client, the Registrant, as part of its due diligence

on any such adviser, shall to the extent applicable, determine whether the adviser is registered as an investment adviser.

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 the Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of the Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

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 the Registrant recommends, buys, or sells for client accounts securities in which the Registrant or any related person of the 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 an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; 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 the Registrant's Access Persons.

Item 12 Brokerage Practices

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

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

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Fidelity Investments (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by 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 received may assist Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Registrant to manage and further develop its business enterprise.

There is no corresponding commitment made by Registrant to Fidelity Investments 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.

2. Registrant does not receive referrals from broker-dealers.
3. 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.

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.

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

- 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.

Item 13 Review of Accounts

- A. For those clients to whom the Registrant provides investment management services, account reviews are conducted on an ongoing basis by Richard Winters, Chief Compliance Officer. All clients are advised that it remains their responsibility to advise the Registrant of any changes in the underlying client’s investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance with their investment advisers representative and advise 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 broker-dealer/custodians.

There is no corresponding commitment made by the Registrant to any broker-dealer/custodian 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 any arrangement.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives/employees, 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. The Registrant sends an invoice to clients for advisory fees prior to debiting fees from their advisory account(s). Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The Registrant does not provide investment management services on a discretionary basis. Registrant will obtain client's permission before effecting securities transactions.

Item 17 Voting Client Securities

- A. The Registrant does not vote proxies. Clients and/or underlying clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the underlying 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 underlying client's investment assets.
- B. Clients and/or underlying clients will receive their proxies or other solicitations directly from their custodian.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$500, 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.