

# **Accretive Wealth Partners, LLC**

## **Form ADV Part 2A – Brochure**

**March 17, 2023**

This brochure provides information about the qualifications and business practices of Accretive Wealth Partners, LLC (“AWP” or the “Advisor”). If you have any questions about the content of this brochure, please contact the Advisor at (973) 970-2627. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

AWP is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about AWP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**<http://accretivewealthpartners.com>**

## **Item 2 – Material Changes**

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Since the last annual update to AWP's brochure dated March 24, 2022, the following material change has been made to the information contained in the brochure.

- The Advisor has updated its primary office location to 1 Gatehall Drive, Suite 207, Parsippany, NJ 07054.
- The Advisor has renewed their Client Alignment Program<sup>™</sup>, a discretionary fee waiver program, through March 31, 2024, please see Item 5 for further information.

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## Item 4 – Advisory Business

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Accretive Wealth Partners, LLC (“AWP”) was founded in November 2018 and commenced operations as an investment adviser in January 2019. AWP is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940, as amended. AWP is located in New Jersey and is organized as a limited liability company under the laws of the State of Delaware. AWP is owned and operated by Stephen D. Esposito, CFP® (Managing Partner), Gary C. Ribe CFP®, CFA® (Managing Partner, Chief Investment Officer and Chief Compliance Officer) and Eric A. Furey CFP®, CFA® (Managing Partner).

As of February 2, 2023, AWP manages \$262,838,026 in Client assets, \$246,002,064 of which are managed on a discretionary basis and \$16,836,164 on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

AWP offers the following advisory services to individuals, high net worth individuals, trusts, charitable organizations, financial institutions and estates (each referred to as a “Client” and collectively referred to as “Clients”).

### Wealth Management Services

AWP provides customized investment advisory solutions for its Clients. Wealth management services include personal Client contact and interaction while providing both discretionary and non-discretionary investment management and ongoing financial planning services. Services may be combined or provided separately based on the needs of the Client.

### Investment Management Services

AWP provides customized investment advisory solutions for its Clients. This is achieved through personal Client contact and interaction while providing both discretionary and non-discretionary investment management and related advisory services. AWP works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. AWP will then construct an investment portfolio, generally consisting of allocations to diversified mutual funds and/or exchange-traded funds (“ETFs”) designed to achieve the Client’s investment goals and objectives. AWP may also utilize individual stocks, bonds or options contracts to meet the needs of its Clients. At the outset of a Client’s relationship with AWP, AWP may retain certain legacy investments held in the Client’s portfolio based on portfolio fit and/or tax considerations.

AWP’s investment strategies are primarily long-term focused, but AWP may buy, sell or re-allocate positions that have been held for less than one year to meet the investment goals and objectives of the Client or due to market conditions. AWP will construct, implement and monitor a Client’s portfolio[s] in accordance with the Client’s investment goals, objectives, circumstances, and risk tolerance. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by AWP. However, because AWP’s strategies typically follow a specific investment discipline with their own portfolio construction parameters, AWP reserves the right to not enter into an advisory relationship with any prospective client whose investment goals and objectives are incompatible with AWP’s investment philosophy or strategies or who seeks to impose unreasonable restrictions.

AWP evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. AWP may recommend, on occasion, redistributing investment allocations to diversify the portfolio. AWP may recommend specific positions to increase sector or asset class weightings. AWP may recommend employing cash positions as a possible hedge against market movement. AWP may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

**Retirement Accounts** – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client’s best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

At no time will AWP accept or maintain custody of a Client’s funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the custodian selected by the Client (“Custodian”), pursuant to the terms of the investment advisory agreement with AWP. Please see Item 12 – Brokerage.

**Use of Independent Managers** - AWP in certain circumstances will recommend that Clients utilize one or more unaffiliated investment managers or investment platforms (collectively “Independent Managers”) for all or a portion of a Client’s investment portfolio, based on the Client’s needs and objectives. In such instances, the Client will be required to authorize and enter into an investment management agreement with an Independent Manager that defines the terms in which the Independent Manager will provide its services. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Clients investment objectives and overall best interests. The Advisor will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager’s Form ADV Part 2A - Disclosure Brochure (or a brochure that makes the appropriate disclosures).

#### **Financial Planning Services**

AWP will typically provide a variety of financial planning and consulting services to Clients, either as a component of wealth management services or pursuant to a written financial planning agreement. Services are offered in several areas of a Client’s financial situation, depending on their investment goals and objectives.

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client’s investment goals, objectives and financial situation. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client’s financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

AWP may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, AWP will provide a written summary of the Client’s financial situation, observations, and recommendations. For consulting or ad-hoc engagements, AWP may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of AWP and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage AWP for investment management services or to increase the level of investment assets with AWP would pose a conflict, as it would increase advisory fees paid to AWP. Clients are not obligated to implement any recommendations

made by AWP or maintain an ongoing relationship with AWP. If the Client elects to act on any of the recommendations made by AWP, the Client is under no obligation to implement the transaction through AWP.

#### Wrap Fee Programs

AWP does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by AWP.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by AWP. Each Client engaging AWP for services described herein shall be required to enter into a written agreement with AWP.

#### **A. Fees for Advisory Services**

##### Wealth and Investment Management Services

Investment advisory fees generally are billed quarterly, in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees generally are based on the account total market value at the end of the prior calendar quarter. With respect to assets managed directly by AWP, investment advisory fees are calculated in accordance with the following schedule:

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
Up to \$1,000,000	0.90%
\$1,000,001 to \$3,000,000	0.70%
\$3,000,001 to \$5,000,000	0.50%
\$5,000,001 to \$10,000,000	0.40%
Over \$10,000,000	0.30%

\*Minimum annual fees for Wealth Management and Investment Management are \$5,000 and \$3,000 respectively.

AWP may also engage bond separate account managers to manage individual bond portfolios for Clients when appropriate. AWP calculates its fee with respect to assets allocated to bond separate account managers in accordance with the following schedule.

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
On Assets up to \$1,000,000	0.40%
On Assets: \$1,000,001+	0.30%

To the extent a portion of a Client's assets is allocated to individual bond managers, those assets are not aggregated with the portion of the Client's assets that are managed directly by AWP for purposes of calculating investment advisory fees in accordance with the above schedules. Investment advisory fees paid to AWP for allocating Client assets to bond separate account managers do not include the bond manager's fee, which is billed separately to the Client by the bond manager.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of AWP and, as a result, potential or existing Clients may pay higher or lower fees than noted above and one Client may pay a higher fee to AWP than a second Client who is receiving substantially similar services. In addition, there are many other factors which could lead to a Client paying a fee which deviates from the standard fee schedule or from a different Client who is receiving substantially similar services. Such factors may include, but are not limited to, the level of investment management activity and supervision required, the size of the Client's account, the number of Client accounts managed, the length of the relationship, the nature of the discretionary service provided, the types of investment guidelines and restrictions applicable to the account, or the level of Client service required. The Client's fees will take into consideration the aggregate assets under management with AWP. For this purpose,

the assets of all Clients residing in a single household (*i.e.*, at the same address) will be aggregated for purposes of determining aggregate assets under management with the AWP. The Advisor will conduct periodic reviews of the Custodian's valuations. AWP does not have the authority or responsibility to value portfolio securities.

AWP has instituted a Client Alignment Program<sup>™</sup> ("CAP") to pass cost savings on to investment advisory Clients as AWP's billable assets under management ("AUM") increase. Billable assets under management are defined as the assets on which AWP charges an advisory fee. AWP's revenues primarily are derived from investment advisory fees based on a specified percentage of assets under management as described above. As such, AWP's revenues increase as its billable AUM increases. Therefore, AWP views its billable AUM as a key measure of its success as a business. AWP recognizes that, when it crosses certain billable AUM thresholds, it will realize economies of scale, meaning that its profits with respect to billable AUM above those thresholds will increase. AWP is committed to sharing these economies of scale with its investment advisory clients. To that end, AWP has voluntarily committed to waiving the quarterly fees payable by each AWP Client by a specified amount, which amount shall be based on AWP's aggregate billable assets under management as of the end of each calendar quarter, as illustrated in the table below.

AWP's Billable Assets Under Management (Based on Quarter End AUM: 12/31, 3/31, 6/30, 9/30)	Client Alignment Program <sup>™</sup> (CAP) Voluntary Fee Waiver
>\$100,000,000	2.5% Waiver
>\$150,000,000	5.0% Waiver
>\$200,000,000	7.5% Waiver
>\$250,000,000	10.0% Waiver
>\$500,000,000	15.0% Waiver
>\$1,000,000,000	20.0% Waiver

Under the CAP, if AWP's billable AUM is above one of the thresholds listed in the table above at the end of a given calendar quarter, all AWP investment advisory clients will receive a voluntary waiver of a portion of the investment advisory fee that is payable at the beginning of the next calendar quarter. In effect, the investment advisory fee payable at the beginning of the next calendar quarter will be reduced by the percentage that corresponds to the applicable threshold in the table above. For example, if AWP's billable AUM was \$250,000,001 on December 31, 2021, a client that would otherwise have been billed \$10,000 for investment advisory services covering the period ending March 31, 2022, would receive a 10% waiver, which would reduce client's fees by \$1,000 and result in a bill of \$9,000.

This voluntary fee waiver arrangement will last in effect through at least March 31, 2024, and may be continued or terminated by AWP in its discretion after that date. AWP will have no right to recoup amounts previously waived as part of the CAP initiative under any circumstances. Following the end of each calendar quarter, AWP will communicate to Clients the amount of its billable AUM and the corresponding amount of the fee waiver to be applied for the following quarter, if any.

Each Client must select a custodian (generally a bank or broker-dealer) to provide custodial services in connection with the management of his or her account. The cost of these services is not included in AWP's investment advisory fees. Clients will also be responsible for paying any additional costs charged by custodians. These additional costs may include, but are not limited to:

- Margin interest
- Costs relating to exchanging foreign currencies

- Odd lot differentials
- Regulatory fees (e.g., fees charged by the SEC)
- Transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing and settlement fees, and other fees or taxes required by law
- Mutual fund expenses.

AWP's advisory fees also generally do not include the costs, expenses or commissions that a broker or dealer may charge in connection with transactions executed on behalf of an account. Brokerage is discussed in more detail in Item 12: Brokerage Practices. These brokerage costs are generally borne directly by Clients. AWP's fees also do not cover mark-ups and mark-downs or dealer spreads that broker-dealers may receive when acting as principal in certain transactions; or the amount of any annual retirement plan fees, or the fees and expenses a Client may incur as a shareholder of a mutual fund. AWP shall not receive any portion of these commissions, fees, and costs.

*Use of Independent Managers* – As noted in Item 4, the Advisor will implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee, will not exceed 1.00% annually.

#### Financial Planning Services

AWP offers financial planning services either on an hourly or fixed fee basis. Hourly engagements range up to \$450 per hour. Fixed fees are based on the expected effort and duration of the engagement at AWP's hourly rate. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with AWP. An estimate for total hours and total costs will be provided to the Client prior to engaging for these services. AWP may occasionally provide its financial planning services on a *pro bono* basis for charitable or other reasons. These Client accounts are treated the same as any other Client accounts.

### **B. Fee Billing**

#### Wealth and Investment Management Services

Investment advisory fees are calculated by AWP or its delegate and deducted from the Client's account[s] at the Custodian. AWP shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with AWP at the end of prior quarter and adjusted for any fee waiver under the CAP. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by AWP to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

*Use of Independent Managers* – For Clients referred by AWP to an Independent Manager, the Client's fee may be separately billed or deducted from the Client's account[s] with the respective manager.

#### Financial Planning Services

Financial planning fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s].

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than AWP, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all securities execution and custody fees charged by the Custodian, if applicable. The Advisor's recommended Custodian does not currently charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges transaction fees for certain mutual funds and other types of investments. The fees charged by AWP are separate and distinct from these custody and execution fees.

In addition, all fees paid to AWP for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of AWP, but would not receive the services provided by AWP which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's investment goals, objectives and financial situation. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by AWP to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Investment Management Services

AWP is compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing AWP's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, AWP will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with AWP is non-transferable without the Client's prior consent.

*Use of Independent Managers* – In the event that a Client should wish to terminate their relationship with the Independent Manager, the terms for termination will be set forth in the respective agreements between the Client and that Independent Manager. Accretive Wealth will assist the Client with the termination and transition as appropriate.

#### Financial Planning Services

AWP requires an advance deposit as described above. Either party may terminate the financial planning agreement by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing AWP's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or, in the case of a fixed fee engagement, the percentage of the engagement scope completed by AWP. Upon termination, AWP will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with AWP is non-transferable without the Client's prior consent.

### **E. Compensation for Sales of Securities**

AWP does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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## Item 6 – Performance-Based Fees and Side-By-Side Management

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AWP does not charge performance-based fees for its investment advisory services. The fees charged by AWP are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

AWP does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

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## Item 7 – Types of Clients

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AWP offers investment advisory and financial planning services to individuals, high net worth individuals, trusts, charitable organizations, financial institutions and estates. The minimum account size for an investment advisory client generally is \$1,000,000, measured from the time the account is first opened with AWP. This minimum can be waived in AWP's discretion. As financial planning services generally are billed hourly, there generally is no minimum initial account size for financial planning clients.

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

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### A. Methods of Analysis

AWP primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from AWP are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps AWP in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. AWP monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on AWP's review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that AWP will be able to accurately predict such a reoccurrence.

As noted above, AWP generally employs a long-term investment strategy for its Clients, as consistent with their investment goals and objectives. AWP will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, AWP may also buy and sell positions that are more short-term in nature, depending on the investment goals and objectives of the Client and/or the fundamentals of the security, sector or asset class.

### B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AWP will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals and objectives.

While the methods of analysis help AWP in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. AWP monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on AWP's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, objectives, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. AWP shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform AWP of any changes in financial condition, investment goals, objectives or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. AWP will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Following are some of the risks associated with AWP's strategies:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Bond ETF Risks

Bond ETFs are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Equity Securities Risks

Equity securities represent ownership positions in companies. These securities may include, without limitation, common stocks, preferred stocks and securities with equity conversion or purchase rights. The prices of equity securities fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Events that have a negative impact on a business probably will be reflected in a decline in the price of its equity securities. Furthermore, when the total value of the stock market declines, most equity securities, even those issued by strong companies, will likely decline in value. There is also the inherent risk that holders of common stock generally are behind creditors and holders of preferred stock for payments in the event of the bankruptcy of a stock issuer.

### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with AWP.**

### **Item 9 – Disciplinary Information**

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AWP is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AWP or the integrity of AWP's management. AWP has no information applicable to this Item.

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

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None.

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

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#### **A. Code of Ethics**

AWP has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary duty to each Client. This Code applies to all persons associated with AWP ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the duties of AWP's Supervised Persons to place Client interests above their own personal interests. It is the obligation of AWP's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Advisor's Code, please contact the Advisor at (973) 970-2627.

#### **B. Personal Trading with Material Interest**

AWP allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. AWP does not act as principal in any transactions. In addition, AWP does not act as the general partner of a fund, or advise an investment company. AWP does not have a material interest in any securities traded in Client accounts.

#### **C. Personal Trading in Same Securities as Clients**

AWP allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more

advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by AWP requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO"). The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While AWP allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will AWP, or any Supervised Person of AWP, transact in any security to the detriment of any Client.**

#### **Item 12 – Brokerage Practices**

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##### **A. Custodian[s]**

The Client will engage the Custodian to safeguard Client assets and authorize AWP to direct trades to this Custodian as agreed upon in the investment advisory agreement. AWP does not have discretionary authority to select the Custodian for custody and execution services. Further, AWP does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Although AWP does not exercise discretion over the selection of the Custodian, it may advise Clients of Custodian[s] that are available to provide custody and execution services. Clients are not obligated to use the Custodian identified by AWP and will not incur any extra fee or cost associated with using a custodian not identified by AWP. However, AWP may be limited in the services it can provide if the Custodian identified by AWP is not engaged. AWP generally identifies Custodians based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation and/or the location of the Custodian's offices.

AWP will generally make Clients aware that account[s] may be established at Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer and member SIPC. If a Client chooses to establish an account at Schwab, Schwab will serve as the Client's "qualified custodian". AWP maintains an institutional relationship with Schwab, whereby AWP receives economic benefits from Schwab. Please see Item 14 below.

AWP may also make Clients aware that Clients may establish an account with the TD Ameritrade Institutional program, which AWP participates in. TD Ameritrade Institutional is a division of 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 Advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. Please see the disclosure under Item 14 below.

Following are additional details regarding the brokerage practices of AWP:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker/dealer/custodian in exchange for research and other services. **AWP does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, AWP receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - AWP does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where AWP will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. AWP will not engage in any principal transactions (i.e., trade of any security from or to AWP's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). AWP will not be obligated to select competitive

bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian. AWP may not be able to aggregate orders to reduce transaction costs in a Client directed brokerage account.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. AWP will execute its transactions through the Custodian as authorized by the Client. AWP may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular basis by Supervised Persons of AWP and periodically by the CCO of AWP. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify AWP if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. AWP may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by AWP**

AWP does not receive commissions or other compensation from product sponsors, broker-dealers or any unrelated third party. AWP may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the investment goals and objectives of its Clients. Likewise, AWP may receive non-compensated referrals of new Clients from various third-parties.

### Participation in Institutional Advisor Platform - Schwab

AWP has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like AWP. As a registered investment advisor participating on the Schwab Advisor Services platform, AWP receives access to software and related support without cost because AWP renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit AWP and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, AWP endeavors at all times to put the interests of its Clients

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first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits provide an incentive for AWP to identify this custodian to a Client instead of one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, AWP may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, AWP may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, AWP receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist AWP in effectively managing accounts for its Clients, but may not directly benefit all Clients.

*Services that May Only Benefit AWP* – Schwab also offers other services and financial support to AWP that may not benefit the Client, including: educational conferences and events, financial start-up support, consulting services and discounts for various service providers. Access to these services creates a financial incentive for AWP to identify Schwab to a Client opening an account, which results in a conflict of interest.

#### Participation in Institutional Advisor Platform - TD Ameritrade

In addition, as disclosed under Item 12, above, AWP participates in TD Ameritrade's institutional customer program and AWP may identify TD Ameritrade to Clients for custody and brokerage services. There is no direct link between AWP's participation in the program and the investment advice it gives to its Clients, although AWP 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 AWP 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 advisory 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 AWP by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by AWP's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit AWP but may not benefit its Client accounts. These products or services may assist AWP in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help AWP manage and further develop its business enterprise. The benefits received by AWP 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, AWP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by AWP or its related persons in and of itself creates a conflict of interest and may indirectly influence AWP's choice of TD Ameritrade for custody and brokerage services.

#### **B. Compensation for Client Referrals**

AWP does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

#### **Item 15 – Custody**

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AWP does not accept or maintain custody of any Client accounts, except for the authorized deduction of AWP's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct AWP to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by AWP to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

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**Item 16 – Investment Discretion**

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AWP generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by AWP. Discretionary authority will only be exercised upon full authorization by the Client. The granting of such authorization will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by AWP will be in accordance with each Client's investment objectives and goals. Certain Clients limit AWP's discretionary authority over their account, such as with respect to Clients who seek "model" portfolio services. Additionally, certain Clients retain AWP to provide financial planning services that do not involve AWP exercising investment discretion with respect to the account.

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**Item 17 – Voting Client Securities**

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AWP does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. AWP will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

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**Item 18 – Financial Information**

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Neither AWP, nor its management, have any adverse financial situations that would reasonably impair the ability of AWP to meet all obligations to its Clients. Neither AWP, nor any of its Supervised Persons, have been subject to a bankruptcy or financial compromise. AWP is not required to deliver a balance sheet along with this Disclosure Brochure as AWP does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.