



**Financial Advisors**  
Independent Objective Advice

***Part 2A of Form ADV: Firm Brochure***

**New England Capital Financial Advisors, LLC**

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2/2/2021

This brochure provides information about the qualifications and business practices of New England Capital Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 935- 0265 or [darrentapley@newenglandcapital.com](mailto:darrentapley@newenglandcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about New England Capital Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 109203.

## Item 2 Material Changes

There have been no material changes made to New England Capital Financial Advisors, LLC's ("NECFA") Part 2A Brochure since its prior Amendment filing on February 27, 2020.

**ANY QUESTIONS:** NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements below.

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## **Item 4 Advisory Business**

New England Capital Financial Advisors, LLC (“NECFA”, “We”, “Us” or “Our”) is a SEC-registered investment adviser with its principal place of business located in South Meriden, Connecticut. NECFA began conducting business in 1992 with Christopher W. Beale, CFP® as Managing Member and majority shareholder.

NECFA offers the following advisory services to our clients:

- INDIVIDUAL PORTFOLIO MANAGEMENT
- FINANCIAL PLANNING
- CONSULTING SERVICES
- PENSION CONSULTING SERVICES
- SEMINARS

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm offers continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. As of 1/28/2021, we managed \$395,825,593.72 of assets on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., aggressive, moderately aggressive, moderate, moderately conservative and conservative), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding exchange-listed securities, securities traded over-the-counter, warrants, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States governmental securities, options contracts on securities, interests in partnerships investing in real estate, and interests in partnerships investing in oil and gas interests.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **FINANCIAL PLANNING**

We offer financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, we ask detailed questions, gather information and analyze your financial status and life situation. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- *PERSONAL*: We review family records, budgeting, personal liability, estate information and financial goals.
- *TAX & CASH FLOW*: We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- *INVESTMENTS*: We analyze investment alternatives and their effect on the client's portfolio.
- *INSURANCE*: We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- *RETIREMENT*: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- *DEATH & DISABILITY*: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- *ESTATE*: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including questionnaires completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or financial advisor. Implementation of financial plan recommendations is entirely at the client's discretion.

We can also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

As individuals of NECFA are registered as representatives of a broker dealer and/or as insurance agents/brokers of various insurance companies, recommendations made in financial plans are not limited to only those products offered through these companies.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

## PENSION CONSULTING SERVICE

We also offer several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. We may recommend John Hancock, American Funds and/or other independent service providers as appropriate to manage the assets and advise the individual participants and trustees of pension, profit sharing and 401(k) plans. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services. As of 02/25/2019, for these types of plans we managed \$7,836,545 of assets on a discretionary basis and \$35,857,573 on a non-discretionary basis.

### ***1.) Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

### ***2.) Selection of Investment Vehicles:***

We will assist plan sponsors in constructing asset allocation models, and review various investments to determine which investments are appropriate to implement the client's IPS. We will review various investments, consisting exclusively of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

### ***3.) Monitoring of Investment Performance:***

We will monitor client investments continuously, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm will not be involved in any way in the purchase or sale of these investments, we will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### ***4.) Employee Communications:***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## SEMINARS

Our firm offers educational seminars on various investment topics including technical portfolio analysis. The investment information provided under this service does not purport to meet the objectives or needs of each individual client. The seminars will provide participants with discussions on asset allocation strategies, estate and retirement planning, and general

educational topics. Our seminars may be open to the public.

## **MISCELLANEOUS**

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

**Services.** To the extent requested by a client, NECFA will generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. NECFA will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below. **Please Note:** NECFA **does not** serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, NECFA **does not** prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including certain NECFA's representatives, in their separate individual capacities as representatives of Purshe Kaplan Sterling Investments ("PKS"), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from NECFA and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by NECFA that a client purchase a securities or insurance commission product from NECFA's representatives in their separate individual capacities as representatives of PKS and/or as an insurance agents, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from NECFA's representatives. Clients are reminded that they may purchase securities and insurance products recommended by NECFA through other, non-affiliated broker-dealers and/or insurance agencies. **NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

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

**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 NECFA recommends that a client roll over their retirement plan assets into an account to be managed by NECFA, such a recommendation creates a conflict of interest if NECFA will receive an advisory fee as a result of the rollover. To the extent that NECFA recommends that clients roll over assets from their retirement plan to an IRA managed by NECFA, then NECFA represents that it and its

investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974 (“ERISA”), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by NECFA. NECFA’s Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such a rollover recommendation.**

**Independent Managers.** NECFA may allocate a portion of client assets be allocated among unaffiliated independent investment managers. In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. NECFA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. **Please Note:** The investment management fee charged by the *Independent Manager[s]* is separate from, and in addition to, NECFA’s advisory fee as set forth in the fee schedule at Item 5 below.

**eMoney Advisor.** In conjunction with the services provided by *eMoney Advisor* (“eMoney”), NECFA may also provide access to account aggregation services, which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets that we manage (the “Excluded Assets”). **The client and/or his/her/its other advisors that maintain trading authority, and not NECFA, shall be exclusively responsible for the investment performance of the Excluded Assets.** In addition, *eMoney* will also provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by NECFA. NECFA does not provide investment management, monitoring or implementation services for the Excluded Assets. The client may engage NECFA to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between NECFA and the client.

**Fidelity and Charles Schwab.** As discussed below at Item 12, unless the client directs otherwise, NECFA shall generally recommend that Fidelity and/or Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity and Schwab charge brokerage commissions and/or transaction fees for effecting securities transactions. In addition to NECFA’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). The fees charged by Fidelity and Schwab are in addition to NECFA’s advisory fee referenced in Item 5 below.

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by NECFA independent of engaging NECFA as an investment advisor. However, if a prospective client determines to do so, he/she will not receive NECFA’s initial and ongoing investment advisory services. The fees charged by mutual funds are in addition to NECFA’s advisory fee referenced in Item 5 below.

**Portfolio Activity.** NECFA has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, NECFA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, , and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when NECFA determines that changes to a client’s portfolio are

neither necessary or prudent. Of course, as indicated below, there can be no assurance that investment decisions made by NECFA will be profitable or equal any specific performance level(s).

**Doing Business As:** Certain IARs of NECFA may conduct business using a separate DBA. Although each IAR of NECFA is registered with, and subject to oversight and supervision by NECFA, they may operate their businesses independently and some offices work under a separate business name or “DBA”. IARs associated with NECFA may provide IAR services to clients under a DBA name that is owned and registered by the IAR. As such, marketing materials provided to clients and potential clients may include the DBA name and may include a logo associated with the DBA name. NECFA continues to review and approve marketing materials related to the IAR or IA firm services offered and provided to clients. NECFA supervises IARs in the performance of their IAR duties whether the services are performed under the IAR’s name, the DBA name, or the NECFA name. If properly disclosed as an outside business activity of the IAR, NECFA allows IARs to provide other products and services through their DBA so long as they are unrelated to NECFA’s investment adviser business. These outside business activities are not associated with or supervised by NECFA.

NECFA’s home office in Meriden, CT assists the IAR with marketing, back-office functions and compliance responsibilities. A list of all of NECFA’s approved DBA names can be found on our Schedule D, Section 1.B. Other Business Names of our Form ADV Part 1 which is available on the SEC’s Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by NECFA) will be profitable or equal any specific performance level(s).

## **Item 5 Fees and Compensation**

### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management as follows:

<u>Assets</u>	<u>Annual Fee</u>
Up to - \$250,000	1.50%
\$250,001 - \$500,000	1.25%
\$500,001 - \$2,500,000	1.00%
Over \$2,500,000	0.75%

Our fees are invoiced quarterly in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees that are debited from the account will be noted on their custodial account in accordance with the client authorization in the Client Services Agreement.

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

**Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

### **FINANCIAL PLANNING FEES**

Our Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Fees for financial planning will be calculated based on one of two ways:

1. A negotiable hourly rate ranging from \$150 - \$450 per hour. At the time the client agreement is executed, we may estimate the amount of time it will take to complete the financial plan; or
2. A flat rate of \$150 to \$10,000 depending on the extent and complexity of the individual client's personal circumstances and needs. This flat rate may be negotiable under certain circumstances.

We will determine which method payment is appropriate for each client. All fees are agreed upon with each client prior to entering into a contract with any client. The minimum is \$150.

Fees are due and payable upon completion of the plan.

If a financial planning client becomes a NECFA portfolio management client, we may discount or waive its financial planning fee in lieu of its portfolio management fee.

### **CONSULTING SERVICES FEES**

Our Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$150 to \$450 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

All Consulting Services fees are due and payable as incurred.

### **PENSION CONSULTING SERVICES FEES**

As described in Item 4, clients that choose this service may be referred to John Hancock Retirement Plan Services, American Funds or other similar providers. We may enter into an agreement with these and other providers and may receive an advisory fee ranging from 20

basis points to 100 basis points annually on the assets in the pension or retirement plans in connection with our services.

Clients utilizing the services through these providers may also be charged various program fees and expenses in addition to our advisory fee. Such fees may include third party administrative fees, custodial fees, transaction fees, a per-participant fee and expenses associated with the underlying investment vehicles offered by each service provider. Clients should closely review the agreements with each service provider and the prospectuses or disclosure documents associated with each.

### **SEMINAR FEES**

Clients participating in our seminars are charged between \$25 and \$5,000 for the entire seminar program. The exact fee depends on the length and number of the sessions in the program, the materials included, and the location and additional expenses. Fees are due and payable at the completion of the program. Under certain circumstances, the seminar fee may be negotiable.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

***Mutual Fund Fees:*** All fees paid to NECFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for

additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** We are deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

We do not charge performance-based fees.

## **Item 7 Types of Clients**

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and Profit-sharing plans (other than plan participants)
- Charitable Organizations
- Corporations or business entities other than those listed above
- Trusts

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and

the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment.

Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio,

making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **MANAGEMENT PERSONNEL REGISTRATIONS:**

Certain management personnel and associated persons of our firm are separately licensed as registered representatives of Purshe Kaplan Sterling Investments, an unaffiliated FINRA member broker dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While management and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

**ANY QUESTIONS: NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

### ***INSURANCE LICENSES***

Certain management personnel and associated persons of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### ***BANKING OR THRIFT INSTITUTION***

NECFA's Managing Member, Christopher W. Beale, CFP®, has a small minority ownership interest in a savings and loan company, National Advisors Holdings, Inc. ("NAH") that has formed a federally chartered trust company, National Advisors Trust Company ("NATC"). NAH and NATC are regulated by the Office of the Comptroller of the Currency (OCC), a bureau of the U.S. Treasury Department. The trust company intends to provide a low-cost alternative to traditional trust service providers, and the NECFA intends to refer clients to NATC for trust services. Mr. Beale also serves on NATC's Board of Directors, for which he is compensated.

- **Conflict of Interest:** The recommendation by Mr. Beale that a client engage the trust services of NATC presents a conflict of interest, as the receipt of residual compensation by Mr. Beale, as an indirect owner and Board member of NATC, may provide an incentive to recommend NATC's trust services, rather than on a particular client's need. No client is obligated to engage NATC's trust services and clients are reminded that they may engage the trust services of other, non-affiliated trust companies. **NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective may have regarding this conflict of interest.**

### ***Conflicts of Interests***

Clients should be aware that the receipt of additional compensation by NECFA and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

NECFA and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

NECFA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [darrentapley@newenglandcapital.com](mailto:darrentapley@newenglandcapital.com), or by calling us at (203) 935-0265.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest

of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- 1.** No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- 2.** No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- 3.** It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- 4.** Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- 5.** We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- 6.** We have established procedures for the maintenance of all required books and records.
- 7.** All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- 8.** Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- 9.** All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 10.** We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.

11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

12. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker dealer, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## Item 12 Brokerage Practices

### INDIVIDUAL PORTFOLIO MANAGEMENT

#### Brokerage Practices

In the event that the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services, we generally recommend that investment accounts be maintained at *Fidelity* and/or Charles Schwab & Co., Inc. ("*Schwab*") Prior to engaging us to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with us setting forth the terms and conditions under which we shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that we consider in recommending *Fidelity* and/or *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients shall comply with our duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we 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, our investment advisory fee.

**Non-Soft Dollar Research and Additional Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, we may receive from *Fidelity* and/or *Schwab* (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist us to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by us 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-including client events, computer hardware and/or software and/or other products used by us in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop its business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Schwab* as a result of this arrangement. There is no corresponding commitment made by us to *Fidelity* and/or *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Our Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangements may create.**

**Directed Brokerage.** NECFA recommends that its clients utilize the brokerage and custodial services provided by *Fidelity* and/or *Schwab*. NECFA generally does not 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 NECFA 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 NECFA. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs NECFA 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 NECFA. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation.** Transactions for each client account generally will be effected independently, unless NECFA decides to purchase or sell the same securities for several clients at approximately the same time. NECFA may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among NECFA'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. NECFA shall not receive any additional compensation or remuneration as a result of such aggregation.

**Please Note (Unaffiliated Wrap/ Mutual Fund and Independent Manager Allocation Programs):** In the event that NECFA is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, NECFA will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. In the event that NECFA is engaged to provide investment advisory services as part of an unaffiliated

managed account program, NECFA will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

## **PENSION CONSULTING SERVICES**

We may recommend the client utilize the services of John Hancock Retirement Plan Services, American Funds, and/or other similar retirement plan service providers (collectively "Service Providers") in connection with our Pension Consulting Services. We assist plan sponsors in selecting and designing their retirement plan(s) through the Service Provider that best suit the client's objectives. Clients should review the disclosure documents of the Service Provider recommended and/or any prospectuses relating to the funds or investments in conjunction with this service.

In recommending these programs we cannot ensure that client will pay the lowest commissions or receive best execution on transactions within the program.

## **AGGREGATING "BLOCK" CLIENT TRADES**

We will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. NECFA will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with NECFA, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable NECFA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order 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 pro rata among the

participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) NECFA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on NECFA's records and to the broker dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

## **Item 13 Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are initially reviewed by Christopher W. Beale, CFP<sup>®</sup>, Darren M. Tapley, CCO and Christopher M. Lee, CFP<sup>®</sup>. Thereafter these accounts are periodically reviewed by; Christopher W. Beale, CFP<sup>®</sup>, Christopher M. Lee, CFP<sup>®</sup>, Darren M. Tapley, Ann Marie Ocone, CFP<sup>®</sup>, and Marc J. Libero.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker dealer, we may provide quarterly reports summarizing account performance, balances and holdings.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## CONSULTING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

## PENSION CONSULTING SERVICES FEES

**REVIEWS:** We review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. We also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: The initial reviews are conducted by Christopher W. Beale, CFP®, Darren M. Tapley, CCO and Christopher M. Lee, CFP®. Thereafter these accounts are periodically reviewed by; Christopher W. Beale, CFP®, Christopher M. Lee, CFP®, Darren Tapley, Ann Marie Ocone, CFP®, and Marc J. Libero.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship or as provided for by the third-party service providers selected by the client.

## Item 14 Client Referrals and Other Compensation

As indicated at Item 12 above, NECFA may receive from *Fidelity* and/or *Schwab* without cost (and/or at a discount), support services and/or products. NECFA's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Schwab* as result of this arrangement. There is no corresponding commitment made by NECFA to *Fidelity* and/or *Schwab* 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 arrangements. **NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

NECFA does not compensate unaffiliated individuals or entities for prospective client introductions.

**ANY QUESTIONS: NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions that a client or prospective client may have regarding proxy voting issues.**

## Item 15 Custody

NECFA shall have the ability to deduct its advisory fee from the client's *Fidelity* and/or

*Schwab* account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from *Fidelity* and/or *Schwab*, at least quarterly

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

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.

**ANY QUESTIONS: NECFA's Chief Compliance Officer, Darren Tapley, remains available to address any questions regarding this Part 2A.**