

**FUHRMAN MANAGEMENT  
ASSOCIATES, INC.  
FIRM BROCHURE**

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**Fuhrman Management Associates, Inc.  
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The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

This brochure provides information about the qualifications and business practices of Fuhrman Management Associates. If you have any questions about the contents of this brochure, please contact us at: 215-619-4000, or by email at: [sholin@investab.com](mailto:sholin@investab.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 Fuhrman Management Associates is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Material Changes

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### Annual Update

This brochure will be updated annually or more frequently when material changes occur after the previous update and release of this Brochure.

# Table of Contents

<b>Material Changes</b> .....	<b>ii</b>
Annual Update .....	ii
<b>Advisory Business</b> .....	<b>1</b>
Firm Description .....	1
Principal Owners: .....	2
Types of Advisory Services .....	2
2 Tailored Relationships .....	2
Types of Agreements .....	2
Investment Advisory Agreement .....	2
Investment Advisory Agreement (non discretionary) .....	5
Financial Planning Agreement .....	5
Special Situation Engagements .....	6
6 Hourly Planning Engagements .....	7
Termination of Agreement .....	7
<b>Fees and Compensation</b> .....	<b>7</b>
Description .....	7
Investment Management Billing .....	8
Billing for Services Other than Investment Management .....	8
Other Fees .....	8
Expense Ratios .....	9
Past Due Accounts and Termination of Agreement .....	9
<b>Performance-Based Fees</b> .....	<b>9</b>
Sharing of Capital Gains .....	9
<b>Types of Clients</b> .....	<b>10</b>

Description .....	10
Account Minimums .....	10
<b>Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>10</b>
Methods of Analysis .....	10
Investment Strategies.....	10
Risk of Loss .....	11
<b>Disciplinary Information.....</b>	<b>12</b>
Legal and Disciplinary .....	12
<b>Other Financial Industry Activities and Affiliations.....</b>	<b>12</b>
Affiliations.....	12
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>12</b>
Code of Ethics .....	12
Participation or Interest in Client Transactions .....	13
Personal Trading.....	13
<b>Brokerage Practices .....</b>	<b>13</b>
Selecting Brokerage Firms .....	13
Best Execution.....	13
Soft Dollars.....	14
Order Aggregation.....	14
<b>Review of Accounts.....</b>	<b>14</b>
Periodic Reviews.....	14
Review Triggers.....	14
Regular Reports .....	15
<b>Client Referrals and Other Compensation .....</b>	<b>15</b>
Incoming Referrals .....	15
Referrals Out.....	15
<b>Custody .....</b>	<b>15</b>
Account Statements .....	15
<b>Investment Discretion .....</b>	<b>16</b>
Discretionary Authority for Trading .....	16

<b>Voting Client Securities</b> .....	<b>17</b>
Proxy Votes.....	17
<b>Financial Information</b> .....	<b>17</b>
Financial Condition.....	17
<b>Business Continuity Plan</b> .....	<b>17</b>
General .....	17
Disasters .....	17
Alternate Offices.....	17
<b>Information Security Program</b> .....	<b>18</b>
Information Security .....	18
Privacy Notice .....	18
<b>Brochure Supplement (Part 2B of Form ADV)</b> .....	<b>20</b>
Education and Business Standards .....	20
Professional Certifications .....	20

## Advisory Business

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### Firm Description

Fuhrman Management Associates, Inc. (FMA) was founded in 1985 and is a registered investment advisor with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940.

FMA provides personalized investment management and confidential advice as well as financial planning to its clients. Clients consist of individuals, their retirement accounts including IRAs and Profit Sharing Plans, trusts, estates, charitable organizations and small businesses. Investment advice and management of assets is an integral part of the advisory services provided by the firm. Ongoing analysis and consultation with the client will include, but not necessarily be limited to determination of financial objectives, identification of financial problems, cash flow management, investment management, insurance review, tax planning, education funding, retirement planning, and estate planning.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client on an as-needed basis and FMA maintains a dialogue with these advisors in order to ensure a comprehensive investment plan for the client. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

FMA provides management advice and ongoing management and oversight of the various assets held in clients' investment accounts. Stocks, bonds and mutual funds are the primary investment vehicles utilized in the management of accounts, although FMA will occasionally recommend various other investment vehicles such as annuities or insurance to achieve the investment goals of its clients. The firm charges a management fee based upon the assets under management and is not affiliated with any entity that sells financial products or securities.

The initial meeting, which is preferably in person, is free of charge and is considered an exploratory interview to determine the extent to which FMA's services of financial planning and investment management may be beneficial to the client.

Clients receive periodic in-depth reviews (at least annually) either by phone or in person, which are conducted with all clients to ensure that there are no material changes in the investment objectives developed in prior meetings. More frequent contact may, and often does, occur throughout the course of the year by way of phone conversations and written correspondence. These contacts may be initiated by the client as well as the advisor. Clients receive monthly statements detailing all assets held at NFS Financial/Fidelity (NFS), as well as any investment activity in their account. Clients also receive a

separate confirmation of any security transaction in their account. Those clients who hold funds directly with a mutual fund receive quarterly statements from mutual fund providers. In addition, FMA provides a quarterly Investab report detailing the positions held, date of purchase and cost basis (if available) of all securities held in a client's portfolio.

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**Principal Owners:**

The principal owners of FMA are Susan Fuhrman Holin (52%), Steven Fuhrman (41%), Jonathan Holin (1%), David Holin (5%) and Joshua Holin (1%).

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**Types of Advisory Services**

FMA's primary business is to provide investment supervisory services, also known as asset management services. All of FMA's advisory accounts are managed on a discretionary basis. In addition, FMA may provide investment advice on certain accounts (such as employee 401(k) accounts and certain 529 Plans not established through FMA) for which it does not exercise discretion, but for which FMA provides quarterly investment advice, the implementation of which is the responsibility of the client. In conjunction with its overall management strategies, FMA also provides advice to clients on matters not directly involving the management of securities, such as financial planning matters, taxation issues, and trust services that often include estate planning and date of death estate valuations of securities.

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**Tailored Relationships**

The goals and objectives for each client are documented in the client file and a formal Investment Policy Statement (IPS) is created for each client (or family unit) that clearly reflects the stated investment goals and objectives of each client. The IPS is reviewed annually and updated for any material changes. It is the client's responsibility to notify FMA of any material changes which would affect the recommendations and asset allocation set forth in the current IPS. A revised IPS is re-executed and acknowledged by each client every three years regardless of whether there are any material changes.

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**Types of Agreements**

The following agreements define the typical client relationships. Agreements may not be assigned without client consent.

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**Investment Advisory Agreement**

Clients who choose to engage FMA as their primary investment advisor do so in order to obtain ongoing in-depth investment asset management and

retirement/estate planning. At the beginning of the advisory relationship, information will be gathered in a confidential manner to determine a client's financial history, goals, objectives, and financial concerns and the advisor will assist each client in developing an asset allocation strategy based on each client's specific needs. Realistic and measurable goals are set and objectives and recommendations to reach those goals are defined. Since investment goals and objectives change over time, recommendations are reviewed at the in-depth annual meeting, agreed upon by the client and implemented on an ongoing basis.

All clients who sign an FMA advisory agreement engaging FMA to manage their assets establish an account through NFS Financial/Fidelity (NFS) as clearing agent and custodian or with a mutual fund company, as appropriate and must deposit all assets to be managed in the respective accounts. FMA currently utilizes Western International (WIS) as its introducing broker, but FMA and WIS are non-affiliated entities and WIS has no direct connection to FMA clients other than providing access to NFS brokerage services. This relationship and the corresponding costs to the client are disclosed in the management agreement as well as acknowledged in writing by each client who engages FMA as its advisor.

FMA clients are charged certain additional ticket charges which are also disclosed on each trade confirmation received by the client. FMA clients are charged a flat ticket charge of \$ 22.00 for equity trades, \$30.00 for bond trades and \$15.00 for mutual fund transactions. These charges have been set by WIS and may be in excess of the actual charges imposed by NFS for such trades, but neither FMA nor its advisory representatives share in **any** portion of these charges. These ticket charges are in payment for services which are provided by WIS for the **sole** benefit of FMA clients and not in payment of any obligation to WIS. FMA is not obligated to continue to use WIS as its introducing broker and there are no restrictions on the firm's ability to select another introducing broker or deal directly with NFS. Although this may result in lower ticket charges, FMA has determined that the investment services and back office support provided by WIS to FMA and its clients warrant the current level of ticket charges. The ticket costs are reviewed each year in order to determine if the continued services provided by WIS warrant the continued level of additional charges to a client. These fees are disclosed in the management agreement which is signed by each client and specifically acknowledged with their initials.

Investments may include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships. Initial public offerings (IPOs)



are not available through FMA.

Clients may impose restrictions on investing in certain securities or types of securities. They may also designate certain investment positions as “legacy” investments, restricting FMA from liquidating these positions; which although considered as part of the overall assets under management for purposes of determining investment allocation, may be excluded from valuation for purposes of the fee calculation.

If the securities are held directly at a mutual fund, clients must grant FMA access to these accounts in order to allow for the implementation of investment management decisions. In certain situations, where FMA is not able to directly implement investment changes, FMA may instruct the client to initiate the recommended portfolio changes.

Although there is no strict minimum account size for a managed account, it is recommended that a client deposit at least \$100,000 in cash and/or securities. It should be noted that accounts with less than \$ 100,000 in cash and/or securities may be charged a higher percentage of assets under management than clients with more assets under management.

Clients are also advised that performance on smaller individual managed accounts (defined as accounts less than \$100,000), may be more greatly affected due to difficulties with diversification and the ability to minimize risk. Accounts with less than \$50,000 in assets are usually invested in mutual funds or ETFs in order to achieve greater diversification than would be possible by investing in individual securities. Performance of smaller accounts may therefore vary from the performance of larger accounts due to fluctuations in the market that may affect smaller accounts to a greater degree. Further, smaller accounts may be more volatile due to the reduced ability to diversify.

Based on each client’s investment objectives, risk tolerance, and financial situation, FMA will manage the account(s) on a continuous basis based on the individual needs of the client. Advisory Representatives are given discretionary authority to monitor each client’s account and may rebalance and reallocate the account based upon the investment objectives and instructions from the client. FMA will only accept new clients on a fee basis and with full discretion to manage the assets within each account. The managed accounts of all clients will be billed in accordance with FMA’s fee schedule, described below.

Investment advisory fees are billed on a quarterly basis and are deducted directly from the client’s account. If a client has more than one account under management, the client and advisor will determine the appropriate account from which to deduct the fee. Clients receive a quarterly billing statement with their quarterly Investab report which details the valuation and the

calculation of the quarterly bill. Upon mutual agreement between the client and advisor, the value of certain assets, including but not limited to securities which the client has determined will not be sold or certain annuities, as well as the value of specific accounts (such as small custodian and IRA accounts) may be excluded from the fee calculation. This decision is made on a case by case basis.

Accounts established and funded during a quarter will be billed a pro-rata fee based on the number of days remaining in the quarter. Additional assets deposited into an existing account *may* be charged a pro-rated fee based on the number of days remaining in the quarter. Fee adjustments will not be made for partial withdrawals from the account during the quarter and there are no fee adjustments for account appreciation or depreciation.

The annual fee charged by FMA is based on a percentage of assets under management and is determined by the agreed upon asset allocation for the account. A client is billed 1% of the equity allocation and .5% of the fixed. For example, an account with a 60/40 equity/fixed allocation would be billed .8% annually (.2% quarterly). Accounts with less than \$100,000 in assets are generally billed a flat 1% (.25% quarterly) until such time as the allocated fee would generate at least \$1,000 in annual fees. All fees are *negotiable*.

The Investment Management Agreement, which is executed by all clients of FMA, is an ongoing agreement. However, either the client or FMA may terminate the agreement at any time by written notice to the other party. At termination, pre-paid fees will be rebated to the client on a pro rata basis for the portion of the quarter remaining. The amount billed at the beginning of the quarter is used as the basis for the fee computation, adjusted for the number of days remaining in the quarter upon receipt of written notification of termination. Once notification is received by FMA, FMA will cease all discretionary management of the account(s), and the account(s) will be considered to be non-discretionary and no longer under the control of FMA. Any transactions subsequent to the written notification and prior to transfer of the assets from FMA to the new firm will be executed only upon additional written instructions from the client and marked as unsolicited.

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### **Investment Advisory Agreement (non discretionary)**

In certain circumstances, where FMA is prohibited from exercising discretion in the direct management of assets, (such as a 401(k) or 403(b) Plan or certain 529 Plans), a client may engage FMA to provide quarterly investment advice. FMA reviews the quarterly account statements and prepares a quarterly analysis report with recommendations for rebalancing in accordance

with the client's stated investment objectives and allocations. Implementation of the recommendations is solely the responsibility of the client.

The fee for such an arrangement is generally .5% of the assets, billed quarterly; although this fee may be waived when the client has other accounts under management of the firm. There is an annual minimum fee of \$500.00 (\$125.00 per quarter) payment to be made upon completion and presentation of the quarterly report. This agreement may be terminated at any time by providing written notification to either party. Since payment is not made in advance, but upon completion of each quarter's written analysis report, if notification of intent to terminate the management arrangement occurs after the quarterly report has been prepared, client will be responsible for payment of that quarter's fees.

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## **Financial Planning Agreement**

An individual who does not want ongoing investment management of their assets may engage FMA to prepare a financial plan which is designed to help the client with all aspects of financial planning. The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed and specific recommendations and investment advice generated in the financial plan are presented to the client in a subsequent meeting.

Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance history is not an indication of future performance. FMA does not guarantee that a client's financial goals and objectives will be met but provides a written proposal with recommendations of how best to achieve these goals. The implementation of any recommendations is at the discretion of the client and client is responsible for notifying FMA of any changes in their financial situation, goals or objectives which would have an impact on the recommendations contained in the financial plan.

The fee for preparation of the financial plan is predicated upon the facts known at the start of the engagement and will be based on the amount of time anticipated to be necessary to complete the Plan. In the event that the client's financial situation and requests for analysis are *substantially* different than disclosed at the initial meeting, a revised fee will be negotiated upon mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Financial plans are priced according to the degree of complexity associated with the client's situation. The minimum fee is \$ 500.00 with a maximum charge of \$ 1,200.00 (unless it is determined that the scope of the work required will significantly exceed 8-10 hours of time.) Any fees in excess of \$1,200 must be mutually agreed upon by the advisor and the client.

Fees for financial planning services are payable as follows: one-half of the agreed upon fee upon execution of the engagement contract with the balance of the fee due at the time of presentation of the Plan. Clients are advised that fees for financial planning are strictly for financial planning services and not for ongoing investment advice. After delivery and review of the financial plan, future face-to-face meetings may be scheduled which will be billed separately at the rate of \$200.00 per hour. Clients are under no obligation to implement the Plan's recommendations through FMA. However, if after presentation of the financial plan, the client decides to engage FMA for investment management and advisory services, any fees in excess of the \$ 200.00 hourly rate will be rebated to the client on their first quarterly management bill.

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### **Special Situation Engagements**

FMA is not in the business of tax preparation work, but does prepare returns for certain clients upon request. This service is performed as a separate arrangement from the Advisory Service Agreement and the fee for preparation of the required returns is based upon the complexity of the returns. FMA may also, on occasion, prepare estate date of death valuations for which it will charge a fee based upon the size and complexity of the estate assets.

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### **Hourly Planning Engagements**

FMA may provide hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$ 200.00 per hour. Based upon the information provided by the client, FMA will estimate the amount of time needed to provide the requested services and provide a projected range so that the client will know in advance the maximum cost that may be incurred. Payment of one-half of the estimated cost is due upon signing of the engagement contract, with the balance due upon completion of services.

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### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying FMA in writing subject to the conditions set forth in the explanation of each contract. However, as noted above, should the termination occur after work has been performed as originally agreed upon and in excess of the

advance payment, client will be responsible for the applicable fees.

FMA may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, FMA will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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### **Description**

FMA bases its investment management fees on a percentage of assets under management; taking into account the targeted asset allocation of the portfolio(s). FMA, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity and deposit of additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

It may also charge a separate fixed rate for additional services such as preparation of a financial plan (for a client whose assets are not under management with the firm) as well as for preparation of tax returns, in depth analysis of insurance policies or any other analysis requested by client and considered to be outside of the scope of the investment management agreement. Any additional fees are negotiable and mutually agreed upon by the client and FMA. FMA does not charge a separate fee for consultations with a management client's attorney or accountant unless previously agreed upon by both the client and FMA.

All fees are negotiable.

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### **Investment Management Billing**

Investment management fees are billed quarterly, in advance and deducted from a designated client account as set forth on Schedule B of the management contract. Upon execution of the FMA management agreement, the client consents to direct debiting of the investment account designated on Schedule B of the contract. If management of an account commences during a quarter, the fee will be calculated on a pro-rated basis for the remaining days left in the quarter.

Investment management fees are based upon a formula of 1% of the target equity allocation and .5% of the target fixed allocation, regardless of the actual allocation of the portfolio at the time of billing. For example a 60% equity; 40% fixed portfolio would be charged .8% on an annualized basis (.2% per quarter) This asset allocation is determined during or soon after the initial consultation with the client and is based upon the appropriate asset

allocation necessary to meet their investment objectives as well as in consideration of their risk tolerance.

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### **Billing for Services Other than Investment Management**

Fees for financial plans and hourly services are billed one-half in advance, with the balance due upon delivery of the financial plan or completion of services.

Fees for quarterly analysis of non-discretionary accounts are billed on a quarterly basis upon completion of the report. The fee is .5% of the value of the account at the end of the quarter (\$125.00 minimum per quarter) and is payable upon completion and presentation of the report.

Fees for tax preparation and estate valuation are determined prior to performance of services and are billed and payable upon completion of the services.

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### **Other Fees-mutual funds-**

Clients are charged a transaction fee (\$15.00) on purchases or sales of mutual funds executed directly in the brokerage account. FMA considers the selection of the security to be more important than the nominal fee that the custodian charges to buy or sell the fund. This charge is passed through to the client and neither FMA nor its advisors share in these fees. FMA uses no load or advisory mutual fund shares for any of its fee-based clients and any mutual fund shares which may be transferred or deposited by a new or existing client will be converted to advisory shares or a class of shares which do not pay any 12-b-1 fees.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. This management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by a client to FMA. FMA does not share in any of the mutual funds management fees or receive any 12-b-1 trails for those mutual funds for which it charges a quarterly management fee.

Performance figures quoted by mutual fund companies in various publications are net of their quoted fees.

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### **Past Due Accounts and Termination of Agreement**

FMA reserves the right to stop work on any account that is more than 45 days

overdue in payment of fees. In addition, FMA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in FMA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 45 days. Determination of the amount of the "unused portion" will be based on the amount of time expended by FMA prior to termination of the agreement by the client and will be billed at the normal hourly rates.

## Performance-Based Fees

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### Sharing of Capital Gains

Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

FMA **does not** use a performance-based fee structure.

## Types of Clients

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### Description

FMA provides investment asset management services and advice to individuals, IRAs, profit sharing and other retirement plans, trusts, estates, or charitable organizations, corporations and other business entities.

Client relationships vary in scope and length of service.

### Account Minimums

There is no minimum account size for management of assets. However, clients with less than \$100,000 in assets may effectively pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Accounts of less than \$ 100,000 may qualify for the blended fee structure when the account is one of several accounts held by the client or related accounts or if the advisor anticipates the client will add additional funds in a timely manner. Generally, if accounts are \$50,000 in value or less, the assets will be invested in a mutual fund or ETFs in order to achieve diversification not otherwise possible in an investment account purchasing individual stocks and bonds.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that FMA may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, the World Wide Web and other stock analysis newsletters.

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## Investment Strategies

FMA's primary investment strategy is to maintain the appropriate asset allocation between equities and fixed income investments in each client's account. We maintain our investment strategies and management discipline despite short-term market fluctuations. For each client's bond allocation, FMA utilizes a bond laddering strategy which serves to reduce both interest rate and reinvestment risk. This strategy also provides a steady source of income to meet cash flow needs or to provide funds for additional investments. On the equity side, FMA strives to achieve diversification by purchasing equities across all industry sectors, utilizing both dividend paying stocks as well as growth stocks where appropriate. In addition, most portfolios will have some exposure to various international markets and real estate (REITS). All advisory representatives are members of the firm's Investment Committee which meets at least bi-weekly, both formally and informally, to discuss current investment holdings as well as to review and analyze possible future investments and client portfolios.

The investment strategy for a specific client is based upon the objectives and risk tolerance stated by that client during consultations. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy. The client may change these objectives at any time.

Other investment products or strategies may be utilized in certain situations and would be discussed with the client prior to implementation.

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## Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors



face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in any legal or disciplinary events related to past or present investment clients.

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

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### **Affiliations**

FMA is not affiliated with WIS or NFS nor any other financial industry entity. WIS not only provides back-office support for FMA clients but serves as the introducing broker for the execution of all client trades through NFS. Although this relationship currently enables FMA to utilize NFS as custodian for their investment accounts, a continued association with WIS is not necessary or required for access or use of NFS as custodian of FMA investment accounts.

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

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### **Code of Ethics**

FMA has a written Code of Ethics with which all employees are required to comply. This Code is available for review by clients and prospective clients and FMA will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

FMA and its employees may buy or sell securities for their own accounts that are also held by clients. However, all employees of FMA are prohibited from purchasing or selling securities in their account or a related account at a better price on the same day that the same trade is done in a client's account. FMA and its employees are required to comply with the provisions of the FMA Supervisory Compliance Manual which provides specific guidelines with regard to this issue.

### **Personal Trading**

The Chief Compliance Officer (CCO) of FMA is Susan Fuhrman Holin. In order to ensure that all employees' trades are in compliance with the supervisory procedures, she reviews all employee trades on a daily basis and again each quarter. Any trades in her personal or related accounts are

reviewed by David Holin in the same manner. The personal trading reviews ensure that trades in employees' or related accounts are not executed at a better price than a client on a particular day and to ensure that clients of the firm receive preferential treatment with regard to pricing and execution of trades.

## Brokerage Practices

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### Selecting Brokerage Firms

Investment advisory clients of FMA, who utilize a brokerage account and for whom FMA exercises discretion in the management of assets must currently open an account through WIS, as the introducing broker to NFS, a broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. NFS serves as clearing agent and custodian of all securities transactions for current FMA advisory clients.

The current transaction charges imposed by NFS and passed through to the client are: \$22.00 for equities; \$ 30.00 for bonds and \$15.00 for mutual fund trades. FMA does not have any direct affiliation with WIS or NFS and does not directly or indirectly receive any fees or commissions as a result of this arrangement.

Cost is not the sole factor we consider in evaluating the arrangement and affiliation with WIS and NFS. Rather, we consider the total scope, quality and value of the services provided by both WIS and NFS, and their respective responsiveness to our firm and our clients' needs. We believe that WIS and NFS provide quality back-office services for our clients and that the transaction charges are therefore reasonable. Although our utilization of WIS and NFS may result in our clients paying higher actual transaction costs; when reviewed in conjunction with the discounted blended management fees charged by FMA, generally results in lower overall net costs or fees to our clients.

These additional charges are fully disclosed to all clients at the time of engaging FMA as their advisor and all clients sign a fee disclosure along with account paperwork. The association with both WIS and NFS is reviewed each year to determine whether the costs and comparative benefits to our clients warrant maintaining this relationship.

**Best Execution**

Custodian transaction fees which are passed through to the client are not negotiable, although FMA will review the costs on an annual basis and any savings negotiated with WIS are passed through to the client. FMA does not directly or indirectly receive any portion of the transaction fees.

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**Soft Dollars**

FMA does not receive any compensation from WIS or NFS, also known as soft dollars.

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**Order Aggregation**

FMA may aggregate (“bunch”) transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. FMA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent an aggregated order is not filled in its entirety, securities purchased or sold in an aggregated transaction will be allocated on a blind basis in order to fully allocate the shares purchased or sold that day. If the sale or purchase of a particular security occurs over more than one trading day so that average pricing is not available, FMA will make every effort to obtain the best price for each client. In no event, will any trade made on behalf of an Advisory Representative, employee or related person be executed at a more favorable price than that received by a client on any particular day.

**Review of Accounts**

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**Periodic Reviews**

Advisory representatives review the investments and asset allocation of all accounts on an ongoing basis, but no less frequently than quarterly. In performing the analysis of a client’s account, the advisory representative will consider the client's current security positions and the likelihood that the performance of each security will contribute to the overall investment objectives of the client. The review of the portfolio will consider, among other factors, the overall asset allocation, as well as overall exposure to equity sectors. On the fixed side of the portfolio, the review considers whether the fixed allocation is on target and takes into account the appropriate maturity and type of bond to fit into the overall investment strategy. Account reviews are performed more frequently when market conditions dictate.

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**Review Triggers**

Other conditions that may trigger a specific portfolio review are changes in a client's own situation, changes in the tax laws, new investment information and/or investment recommendations from the investment committee. As bonds mature in a portfolio, this also triggers a review to determine whether, in accordance with the asset allocation, the bond proceeds should be invested in equities or fixed investments.

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**Regular Reports**

Clients receive monthly statements generated by NFS which detail the positions and monthly transactions in each account, including receipt of dividends and interest. Clients also receive quarterly Investab reports which are generated by FMA and which show more detailed investment information including the cost basis and date of purchase (if available), yield, and percentage exposure of all securities held in the account. Clients are encouraged to contact FMA if there is any significant discrepancy in valuation between the NFS statement and the Investab reports. At the end of each year, NFS provides all clients with a detailed 1099 which includes a schedule of capital gains and losses for preparation of their income tax returns. It is the client's responsibility to provide the cost basis and date of purchase of any securities not purchased through FMA, and FMA is not responsible for any errors in cost basis on this report due to a client's inaccurate reporting of this figure.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

FMA has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

FMA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to these professionals.

## Custody

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### Account Statements

FMA **does not** maintain custody of any client assets. All brokerage assets are held at NFS as custodian, which means the custodian provides account statements directly to clients at their address of record on a monthly basis. All mutual fund accounts (such as smaller custodian and IRA accounts) are held directly with each mutual fund company which also provides account statements directly to clients at their address of record at least quarterly.

## Investment Discretion

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### Discretionary Authority for Trading

Discretionary trading authority facilitates execution of trades in client accounts and allows FMA to promptly implement the investment policy and asset allocation determined and approved by each client.

Upon execution of the FMA Investment Advisory Agreement, client grants and FMA accepts discretionary authority to manage securities accounts on behalf of clients. FMA has the authority to determine, without obtaining specific client consent, which securities to be bought or sold, and the respective position size appropriate for each account. In signing the advisory contract, the client approves the use of NFS as custodian and acknowledges the ticket charges and other fees paid to the custodian. All of these charges are clearly disclosed on the transaction confirmation generated for each trade and which is mailed directly to the client by NFS. Clients are notified if any of their accounts are not able to be managed on a discretionary basis, and that they are responsible for implementation of any investment recommendations. In providing recommendations regarding these accounts, FMA is still considered to be managing these portfolios and therefore **may** charge a fee for management advice of these accounts.

## Voting Client Securities

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### Proxy Votes

FMA does not vote proxies on securities. Clients are expected and encouraged to vote their own proxies.

However, FMA will provide proxy recommendations and insight to the client if assistance is requested. If a conflict of interest exists, it will be disclosed to the client.

## Financial Information

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### Financial Condition

FMA does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because FMA does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than six months in advance.

## Business Continuity Plan

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### General

FMA has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

FMA does not have an official alternate office to support ongoing operations in the event the main office is unavailable. FMA does back up all information and stores this information securely offsite so that, if necessary, FMA advisors would continue to operate from a remote site. In addition, FMA advisors have access to all financial information and client investments through the NFS Wealthscape platform. All clients will be contacted within five days of a disaster should the offices be moved to an alternate location. All contact information would remain the same, ie email and phone numbers since phones and email can be accessed from off-site locations.

# Information Security Program

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## Information Security

FMA maintains strict protocol, passwords and security of information to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

FMA is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from a client may include information about personal finances (including review of tax returns and an expense analysis), a client's health (to the extent that it is needed for the financial planning process or insurance), information about other investment accounts, and information from consumer reporting agencies, e.g., credit reports. We use this information to help each client meet their personal financial goals.

With permission, limited financial information may be disclosed to a client's attorney and/or accountant, with whom the client has established a relationship and which is necessary to enable those professionals to prepare estate plans or tax returns for which they have been engaged. Upon completion and execution of a new account form utilized to establish an account with NFS, this limited amount of financial information is shared with NFS as well.

We maintain a secure office to ensure that a client's information is not placed at unreasonable risk. We employ a firewall barrier and authentication procedures in our office computer environment as well as encryption of data for all remote access.

We do not provide any client's personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our FMA records and client records as permitted by law.

Personally identifiable information about a client will be maintained in secure files for the entire time a client relationship exists and for an additional 5 years after termination of the management relationship, which is the period that records are required to be maintained by our office under federal and state



securities laws. After that time, all information will be destroyed by shredding all documents and correspondence contained in a client's file.

We will notify our clients in advance if our privacy policy is expected to change. We are required by law to offer to deliver this *Privacy Notice* to our current clients annually and this notice is included in the year-end mailing to all of our clients.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

FMA requires that its advisors have a bachelor's degree and are encouraged to complete further coursework or seminars in order to maintain their expertise and knowledge of investment strategies, financial, estate and tax planning. Additionally, senior advisors must have work experience that demonstrates their aptitude for financial planning and investment management. None of the FMA advisors have been cited for any disciplinary actions. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA.

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### Professional Certifications

Certain earned certifications and credentials earned by Advisors are required to be explained in further detail:

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the comprehensive 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Agree to be bound by CFP Board's Standard of Professional Conduct; which outlines the ethical and practice standards of CFP professionals
- Successfully pass the Candidate Fitness Standards and background check.
- Continuing education requirements- 30 hours every two years, including 2 hours of Ethics to maintain competence and keep up with

developments in the financial planning field.

Juris Doctor: Graduate degree in law. Most states require a minimum of 12 hours of annual continuing education to maintain a legal license.

Masters in Taxation (LL.M): This graduate degree is acquired post law school and is designed to provide in depth exposure to tax practice.

Insurance Agent: Requires 24 hours of continuing education every two years.

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**Susan Fuhrman Holin, JD, LL.M, CFP<sup>®</sup>, born 1953**

Susan graduated from Ithaca College in 1975 with a BA degree in Psychology and History. She graduated from Rutgers University Law School in 1978 where she concentrated on estate and tax planning and in 1981 earned a Masters degree (LLM) in tax law from New York University. She is a member of the Pennsylvania, New Jersey and Florida Bars. She has been actively involved in the management of assets since 1981 providing tax and estate planning expertise to investment clients. Susan received her CFP<sup>®</sup> designation in 1989 and with this expertise is instrumental in the development of financial plans, implementation of tax strategies in the investment of portfolios, and the ongoing management of client portfolios. She works closely with clients and their other advisors in order to provide a comprehensive investment and tax efficient portfolio strategy.

**Steven M. Fuhrman, born 1962**

Steven received a B.S. in Economics from the Wharton School at the University of Pennsylvania in 1984 and became a registered representative with Herzfeld & Stern in 1984. Steven is no longer actively involved in the day-to-day management of accounts, but was and continues to be instrumental in determining the firm's ongoing investment philosophy. As a member of the investment committee, he continues to provide equity analysis for the firm and gives valuable insight to economic situations which may

impact our investment portfolios. He is also responsible for the firm's technology support and business accounting issues.

**David S. Holin, born 1991**

David received a BS in Exercise Science from Ithaca College in 2013 and an MS in Exercise and Nutrition Science from the University of Tampa in 2016. He joined the firm in September 2016 and holds a Series 6 license with FINRA. He received his CFP designation in 2020 and works closely with Susan in the development of financial plans and the ongoing management of client portfolios and client support.

**Jonathan D. Holin, born 1989**

Jonathan received a BA in Philosophy from American University in 2012 and is also a paralegal. Jonathan joined the firm in June 2019 and is responsible for the quarterly reports and updating and preliminary review of all 401(k) accounts which FMA oversees and for which periodic recommendations are provided. Jonathan is also responsible for preparation and periodic updating of the client Investment Policy Statement reports.

**Joshua B. Holin, born 1993**

Joshua received a BA in Communications from the University of Miami in 2016 and worked as a junior copywriter until 2019, when he joined the firm. He received his MBA from The University of Phoenix in 2020. He assists Susan and David in the management and review of client accounts.