

## **Firm Brochure**

(Part 2A of Form ADV)

**WESTCO ADVISORY SERVICES, INC.**

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This brochure provides information about the qualifications and business practices of Westco Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at: (516)593-5070, or by email at: [clientsvc@westcofinancialgroup.com](mailto:clientsvc@westcofinancialgroup.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 Westco Advisory Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## Advisory Business

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### **Firm Description**

Westco Advisory Services, Inc., was founded in 1984.

Westco Advisory Services, inc. provides portfolio management and personalized comprehensive financial planning to individuals, pension and profit sharing plans, trusts, estates, and small businesses. Advice is provided through consultation with the client, information we receive from the client filling out the risk profile and goals objectives worksheets and may include: determination of financial objectives, identification of financial problems, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Portfolio management services, whereby Westco Advisory Services, Inc. manages an account on a discretionary basis, are provided for a fee, based upon assets under management.

Portfolio management services, whereby Westco Advisory Services, Inc. manages an account on a non-discretionary basis, thereby informing clients of proposed trades before execution are provided for a fixed fee.

Westco Advisory Services, Inc. also provides investment advice on held-away assets on a fee basis with the client making the final decision on investment selection and in some cases implementing the recommendations, for example a 401K plan through their place of employment.

Westco Advisory Services, Inc. does not act as a custodian of client assets. The client always maintains asset control. Westco Advisory Services, Inc. places trades for clients under a limited power of attorney.

Westco Advisory Services, Inc. is strictly a fee-only investment management and financial planning firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products, No commissions in any form are accepted.

Westco Advisory Services, Inc. is affiliated with a broker/dealer, Westco Investment Corp., an insurance agency, Westco Agency, Inc., and a tax preparation firm, Westco Financial Services, Inc. Recommendations may be made, in the course of financial planning, for commissionable investment products or insurance policies. The client is free to use any financial professional of his/her choice to implement these recommendations, if they so choose.

Clients are asked to fill out a risk profile and a goals and objectives worksheet to enable the Firm to learn as much as possible about the client's risk tolerance and goals. A consultation is then scheduled to review the information and clarify both our understanding and the client's understanding of the goals and objectives along with a review of documents provided to us

by the client. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers or accountants,) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they should occur.

The initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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### **Principal Owners**

James G. Westmacott is a 100% stockholder.

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### **Types of Advisory Services**

Westco Advisory Services, Inc. provides discretionary portfolio management services; non-discretionary portfolio management services; and furnishes investment advice through consultations.

On more than an occasional basis, Westco Advisory Services, Inc. furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of 12/31/2019, Westco Advisory Services, Inc. manages \$149,384,300 in assets for 263 clients. \$148,528,793 is managed on a discretionary basis, and \$855,507 is managed on a non-discretionary basis.

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### **Tailored Relationships**

The goals and objectives for each client are documented by the use of our risk profile and goals and objectives worksheets. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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### **Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed. 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 investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client. Some clients may not have a need for a full financial plan and may choose a modular plan consisting of specific areas they are concerned about, ex. Retirement planning. The fee for a modular plan is negotiable.

The fee for a comprehensive financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$1200.00 and is negotiable. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one year. After delivery of the financial plan the client has up to 20 days to return it for a full refund if they are not satisfied for any reason whatsoever.

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### **Portfolio Management Agreement**

Most clients choose to have Westco Advisory Services, Inc. manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for a Portfolio Management Agreement is provided to the client in writing prior to the start of the relationship. A Portfolio Management Agreement confirms the client's understanding with respect to the investment management relationship.

The annual Portfolio Management Agreement fee is based on a percentage of the investable assets according to the following schedule:

- 1.50% on the first \$500,000;
- 1.25% on the next \$500,000 (from 500,001 to 1,000,000);
- 1.00% on the next \$2 million (from 1,000,001 to 3,000,000);
- .85% on the next \$2 million (from 3,000,001 to 5,000,000);
- .75% on the next \$2 ½ million (from 5,000,001 to 7,500,000);
- .65% on the next \$2 ½ million (from 7,500,001 to 10,000,000);
- .50% on the amount over \$10,000,000

The minimum annual fee is \$1500.00 for any portion of the year service is provided. If a smaller account is opened it may be managed by a submanager at their fee schedule. The fee for a 401(k) Plan is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above. The fee is billed in advance for the quarter based upon the assets under management on the last day of the previous quarter.

If Westco Advisory Services, Inc. recommends, as part of a diversified portfolio, an outside money management firm, that firm will have their own Portfolio Management Agreement and Disclosure Documents.

Although the Portfolio Management Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value on the day of the end of the previous quarter is the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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### **Retainer Agreement**

In some circumstances, a Retainer Agreement is executed in lieu of an Portfolio Management Agreement when it is more appropriate to work on a fixed-fee basis. The annual fee for a Retainer Agreement is negotiable.

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### **Hourly Planning Engagements**

Westco Advisory Services, Inc. provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is negotiable.

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### **Asset Management**

Assets are invested primarily in stock and exchange-traded funds.

Stocks and bonds will be purchased or sold through a brokerage account. The brokerage firm may charge a fee for stock and bond trades. Westco Advisory Services, Inc. does not receive any compensation, in any form, from the brokerage firm.

Investments may also 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), and U. S. government securities,

Initial public offerings (IPOs) are not available through Westco Advisory Services, Inc..

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying Westco Advisory Services, Inc. in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Westco Advisory Services, Inc. will refund any unearned portion of the advance payment.

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

## **Fees and Compensation**

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**Description**

Westco Advisory Services, bases its fees on a percentage of assets under management, hourly charges, and fixed fees.

Financial plans are priced, in advance, according to the degree of complexity associated with the client's situation.

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**Fee Billing**

Investment management fees for individually managed accounts are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance in writing to direct debiting of their investment account. Accounts that are custodied at National Financial Services, Inc., TD Ameritrade and Schwab are billed at this method.

Outside money managers may use a different billing cycle or a different calculation method. Each will be disclosed later in this brochure on pages 9 and 10 in the section dealing with outside money managers.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Westco Advisory Services, Inc., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning

capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The 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 you to Westco Advisory Services, Inc.

The expense ratio for an Exchange Traded Fund (ETF) will usually range from .05 to .6 and will be disclosed in the proposal for the account.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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

Westco Advisory Services, Inc. reserves the right to stop work on any account that is more than 30 days overdue. In addition, Westco Advisory Services, Inc. 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 Westco Advisory Services, Inc.'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 15 business days.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Westco Advisory Services, Inc. does not use a performance-based fee structure because of the potential conflict of interest. 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.

## **Types of Clients**

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### **Description**

Westco Advisory Services, Inc. generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

The minimum account size is \$100,000 of assets under management, which equates to an annual fee of \$1500.00.

When an account falls below \$100,000 in value, the minimum annual fee of \$1500.00 is charged.

Westco Advisory Services, Inc. has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time or when the aggregate of all of the client's accounts total \$100,000. Other exceptions will apply to employees of Westco Advisory Services, Inc. and their relatives, or relatives of existing clients.

Clients receiving ongoing portfolio management services will be assessed a \$1500 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

This minimum applies to accounts opening as of 4/01/2015.

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**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 Westco Advisory Services, Inc. may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Valueline stock information, and the World Wide Web.

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**Investment Strategies**

Westco Advisory Services, Inc. will never recommend a single investment or a single money manager until we take the time and perform the due diligence to thoroughly understand your lifestyle, risk tolerance and time horizon. We'll carefully evaluate how your investments should impact and interact with your tax strategies and estate planning.

We assist our clients in defining their risk tolerance and then develop a sensible and prudent asset allocation strategy for their portfolios. After detailed interviews with each client, we customize each portfolio based on

investment time horizon, cash flow considerations and overall investment objectives and goals. We then backtest our proposed investment strategy to gauge how it would have performed in prior years, both on a periodic and compound basis, and compare our proposed strategy to the existing investments and appropriate benchmarks.

Once we have developed and agreed to an appropriate asset allocation strategy, we select appropriate investments with strong long term performance for their class. We utilize proprietary screens to choose investments, based upon risk adjusted returns, management experience, income and balance sheet, A/R, A/P, Debt and expense and turnover ratios. We periodically rebalance the portfolios to ensure that the investments coincide with the recommended asset allocation strategy.

Diversification is one of the most critical components of any financial plan. Applying an investment approach for a balanced, well-allocated portfolio, your assets are apportioned among various investment types, such as stocks, bonds, and cash equivalents. We utilize a time-tested, disciplined approach when it comes to managing your money.

We do not try to guess which sector or stock will be the "hot" pick. We instead prioritize long term investment fundamentals and an adherence to the asset allocation strategy we have designed.

While your portfolio is subject to several types of risk, it is the day-to-day short-term volatility of the financial markets that most concerns investors. A portfolio's overall volatility is caused by two factors:

1. the fluctuations of each individual holding, and
2. the way in which the individual holdings behave in relation to the other holdings in the portfolio.

We know that different economic events can cause certain assets to appreciate while the value of other assets goes down. Applying this to your portfolio can reduce its overall volatility. This knowledge helps us minimize the short-term volatility. Each individual holding plays a specific role in the overall portfolio. We use a disciplined approach to evaluate, select and monitor each investment. We utilize individual stocks, ETFs, and no-load mutual funds for your equity holdings.

For larger client accounts Westco Advisory Services, Inc. may recommend a Core & Satellite investment strategy to a portfolio, consisting of a Westco Advisory Services, Inc. managed portfolio for the core, and utilizing a mix of Westco Advisory Services, Inc. and outside Investment Managers for the satellites. These Investment Managers provide different investment vehicles, investment styles and trading strategies, along with possible alternative investments, to the portfolio.

Westco Advisory Services, Inc. also provides guidance in selecting investment management firms that have demonstrated expertise in a given investment style or asset class. We will research and determine the best investment choices for a plan utilizing some of the most sophisticated and comprehensive tools available.

We have developed a manager selection process that is based on the following:

- Return achieved vs. amount of risk taken
- Total return by asset class
- Fees charged
- Manager's rank in category
- Alpha or excess returns achieved over appropriate benchmark
- Manager's ability to adhere to his stated discipline

Specifically, we consider manager tenure, consistent application of a well-articulated investment philosophy, short and longer term returns relative to benchmarks and peer group, volatility relative to benchmarks, income tax efficiency and operating costs.

We keep an objective eye on asset allocation, sector weighting, style drift and tax events. We have access to a variety of different investment management programs with managers who offer diversification. At every step of your investment process, our goal is to reduce your risk and maximize your assets.

Westco Advisory Services, Inc has entered into an Agreement to participate in SEI's Managed Accounts Program (the MAP Program). Westco Advisory Services, Inc, SEI Investments Management Corporation and the client execute a tri-party agreement providing for the management of certain investor assets in accordance with its terms thereof. With a Managed Account Agreement, the client appoints the Advisor as its investment Advisor to assist the client in selecting an asset allocation strategy and may include the percentage of assets allocated to a portfolio of mutual funds advised by SEI Investments Management Corporation. The client appoints SEI Investments Management Corporation to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the client together with the Advisor. SEI Investments Management Corporation has a fee ranging from 1.2% to .6% depending upon the investment strategy selected. Westco Advisory Services, Inc. adds on 1% to the stated fee. Billing is done in arrears on a quarterly basis based upon end of quarter value. There is a \$50,000 minimum investment for each account. If the account is below the minimum, there is an additional \$15 fee per quarter. There are no additional fees for the account except for \$75 to close the account.

The Firm currently has an agreement with Edelman Financial Advisors, LLC, a Registered Investment Advisor. At such time that Westco Advisory Services, Inc. may recommend Edelman Financial Advisors, LLC, the client is presented with a copy of Edelman Financial Advisors Firm Brochure, a brochure about the EMAP program, a Third Party Agreement that discloses the relationship between Westco Advisory Services, Inc. and Edelman Financial Advisors, LLC including the total fee charges and fee compensation paid by Edelman Financial Advisors to Westco Advisory Services, Inc. At no time is the client charged a higher fee to use the EMAP program through Westco Advisory Services, inc. than if the client had gone through Edelman Financial Advisors, LLC directly. EMAP develops highly diversified portfolios, holds those investments for very long periods and strategically rebalances as needed using institutional mutual funds and exchange traded funds. Edelman Financial Advisor has a fee scale dependent upon the size of the account ranging from 2% for an account up to \$150,000 to .5% for an account in excess of \$25,000,000 and they pay a negotiated portion of that fee to Westco Advisory Services, Inc. Billing is done quarterly in arrears based upon average daily balance in the quarter. There are no additional fees to the client.

Westco Advisory Services, Inc. has an agreement with Advisory Alpha, LLC., a Registered Investment Advisor. Advisory Alpha acts as a sub-manager to Westco Advisory Services, Inc. At such time that Westco Advisory Services, Inc. may recommend Advisory Alpha, LLC, the client is presented with a copy of the Advisory Alpha, LLC Firm Brochure, an Investment Policy Statement

and an Investment Principles Brochure. Advisory Alpha uses ETFs in a managed portfolio. Advisory Alpha, LLC has a fee of .5% annually. Westco Advisory Services, Inc. adds on 1% to the stated fee. As of July 1, 2017, fees are billed quarterly and in advance. Since Advisory Alpha is a sub-manager of Westco Advisory Services, Inc., all Advisory Alpha accounts are entitled to breakpoints. For accounts that reach breakpoints the fees are calculated in the aggregate over the client's total portfolio and will be allocated on a percentage basis to all accounts.

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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 legal or disciplinary events related to past or present investment clients.

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

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### **Affiliations**

Westco Advisory Services, Inc. has arrangements that are material to its advisory or its clients with related firms:

Westco Investment Corp. is a broker/dealer owned 100% by James G. Westmacott. Westco Advisory Services recommends broker/dealers to clients. At no time will the client be charged more to trade through Westco Investment Corp than to trade directly through the custodial broker/dealer. James G. Westmacott, Barbara D. Fulcher, Kenneth J. Hehir, Jr. and Susan Forgasch, as representatives of Westco Investment Corp., execute securities transactions on a commission basis for clients of Westco Investment Corp.

Westco Agency, Inc. is an insurance agency licensed in the states of New York and Connecticut. James G. Westmacott is an 80% owner, Kathryn Westmacott Domack is a 20% owner. Westco Agency, Inc. offers life insurance, health insurance, disability insurance, long term care insurance and property and casualty insurance.

Westco Financial Services, Inc. is a tax preparation firm. James G. Westmacott is a 100% owner.

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

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### **Code of Ethics**

The employees of Westco Advisory Services, Inc. have committed to a Code of Ethics that is designed to ensure the high standards long maintained by Westco Advisory Services, Inc. continue to be applied. The purpose of the

Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Both Westco Advisory Services, Inc. and its employees are prohibited from engaging in fraudulent or manipulative conduct. This means more than acting with honesty or good faith alone. It means the Firm and its employees have a duty of utmost good faith to act solely in the best interest of its clients. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

Westco Advisory Services, Inc. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. All employee trades must be approved in advance. Employee accounts are reviewed monthly to ensure compliance. Employees comply with the provisions of the Westco Advisory Services, Inc. *Compliance Manual*.

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**Personal Trading**

The Chief Compliance Officer of Westco Advisory Services, Inc. is James G. Westmacott. He reviews all employee trades each month. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small security trades or exchange-traded fund trades, the trades do not affect the securities markets. Any trades made by James Westmacott are reviewed by Kathryn Westmacott Domack.

## Brokerage Practices

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**Selecting Brokerage Firms**

Westco Advisory Services, Inc. does have an affiliation with Westco Investment Corp., an introducing broker/dealer. Specific custodian recommendations are made to Clients based on their need for such services.

Westco Advisory Services, Inc. recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Westco Advisory Services, Inc. recommends brokerage firms and qualified custodians, such as National Financial Services, TDAmeritrade, Charles Schwab & Co.

Westco Advisory Services, Inc. does not receive fees or commissions from any of these arrangements.

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**Best Execution**

Westco Advisory Services, Inc. reviews the execution of trades at each custodian each quarter. The review is documented in the Westco Advisory Services, Inc. *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. Westco Advisory Services, Inc. does not receive any portion of the trading fees.

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**Soft Dollars**

Westco Advisory Services, Inc. does not have any soft dollar arrangements with any of the custodians we recommend. This means we are not receiving any compensation in any form, such as software credits, research reports, etc., for recommending the custodian.

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**Order Aggregation**

In the case of purchases or sales of stocks that are in multiple client accounts, the custodian will be instructed to execute a block or bunched trade. Client allocation is predetermined before the placement of the trade. In the case of a block trade being broken into two or more trades, clients are given the average price of the trade, so all clients will have an equal basis. Trade confirmations from the executing broker/dealer will clearly show whether the trades were placed on a principal or agency basis.

## Review of Accounts

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**Periodic Reviews**

Account reviews are performed weekly, monthly and quarterly by advisors James G. Westmacott, President and/or Kathryn W. Domack. Account reviews are performed more frequently when market conditions dictate.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own financial situation (such as retirement, termination of employment or inheritance).

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**Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Reports may be sent to clients or used during face to face meetings with clients, such as a current position report or a performance report. These reports are for discussion purposes only. Clients are urged to refer to the statements and confirmations they receive directly from the custodian.

Clients receive periodic communications direct from the custodian on at least a quarterly basis detailing security holdings, any trades placed in the account and any other transactions that take place in the account, such as dividends or interest received or management fees being withdrawn. Trade confirmations also are sent direct from the custodian.

## **Client Referrals, Solicitors and Other Compensation**

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### **Incoming Referrals**

Westco Advisory Services, Inc. has been fortunate to receive many client referrals over the years. The referrals came from current clients who are not compensated for these referrals.

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### **Solicitors**

Westco Advisory Services, Inc. will utilize Solicitors to introduce prospects to Westco Advisory Services, Inc.'s Portfolio Management services. Solicitors must have a Series 65 or be a Certified Financial Planner.

The Solicitor agrees to recommend Westco Advisory Services, Inc.'s investment management services to potential clients and agrees to solicit for and refer to Westco Advisory Services, Inc. those individuals and entities it believes are suitable and appropriate for the investment management services offered by Westco Advisory Services, Inc. The Solicitor shall also make periodic contact with referred clients, at least annually, to assist referred clients in understanding the investment management services and to obtain and/or update client information. All solicitation activities shall be limited to assisting clients in selecting an appropriate service and applicable fee schedule and the gathering of client financial information. The Solicitor is not authorized to and shall not make any investment recommendations on behalf of Westco Advisory Services, Inc., give any investment advice on behalf of Westco Advisory Services, Inc., nor accept any client on behalf of Westco Advisory Services, Inc. The Solicitor is not authorized to enter into any agreement or undertaking on behalf of Westco Advisory Services, Inc. No Investment advisory agreement will become effective until it is accepted by Westco Advisory Services, Inc. at its offices in Lynbrook.

Westco Advisory Services, Inc. and the Solicitor will have a written Solicitor Agreement in place detailing the Solicitor's obligations, Westco Advisory

Services, Inc.'s obligations, payments and the timing of such to Solicitor and the requirements of the Solicitor.

The Solicitor is required to make the introduction to the client and supply the client with a copy of Westco Advisory Services, Inc.'s written Disclosure Document which clearly states that the Solicitor does not render investment advice on behalf of Westco Advisory Services, Inc., nor is the Solicitor authorized to act in any way on behalf of Westco Advisory Services, Inc., except to solicit clients. The document will also show the percentage of the fee paid to the Solicitor for referring the client to Westco Advisory Services, Inc. The Solicitor will have the client sign two copies of the Disclosure Document, one to be retained by the client and the second copy to be returned to Westco Advisory Services, Inc. for its records.

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### **Referrals Out**

Westco Advisory Services, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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### **Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. Westco Advisory Services, Inc. is deemed to have custody of client funds whenever Westco Advisory is given the authority to have fees deducted directly from client accounts. This is the only form of custody Westco Advisory Services, Inc. will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Westco Advisory Services, Inc. is deemed to have custody, Westco Advisory Services, Inc. has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record, by email or are available online at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Westco Advisory Services, Inc.. The performance report we provide is for discussion purposes only and clients are asked to refer to the actual statements and confirmations they receive directly from the custodian.

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**Net Worth Statements**

In the course of comprehensive financial planning, clients are provided net worth statements and net worth graphs that are generated from the information we receive directly from the client. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## Investment Discretion

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**Discretionary Authority for Trading**

Westco Advisory Services, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. Westco Advisory Services, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Clients sign a limited power of attorney granting the Firm the ability to do this. The limited power of attorney applies to security trading only. At no time does this power of attorney give the Firm any right to withdraw cash from the clients account, except as directed by the client. Checks from the account will be sent directly to the client's address of record, unless the client has directed the custodian, in writing, to follow other directions.

If a trading authorization has not been signed by the client, as in the case of non-discretionary accounts, Westco Advisory Services, Inc. consults with the client prior to each trade to obtain concurrence.

The client approves the custodian to be used and the commission rates paid to the custodian. Westco Advisory Services, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment strategy that you have approved.

## Voting Client Securities

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### Proxy Votes

Westco Advisory Services, Inc. does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Westco Advisory Services, Inc. will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

Westco Advisory Services, Inc. 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 Westco Advisory Services, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### General

Westco Advisory Services, Inc. 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 are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

# Information Security Program

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## **Information Security**

Westco Advisory Services, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## **Privacy Notice**

Westco Advisory Services, Inc. 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 you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your 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 Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

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

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### Education and Business Standards

Westco Advisory Services, Inc. requires that advisors in its employ have an educational background that includes a bachelors degree or completion of advanced coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services. CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

The above requirements are the current requirements as set forth by the CFP Board. Advisors who received the CFP certification more than 10 years ago fulfilled the requirements as set forth by the CFP Board at that time but are still bound by the continuing education requirements and Ethics requirements that are in force today.

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**James G. Westmacott, CFP****Educational Background:**

- Date of birth: 04/08/1955
- Institutions: Adelphi University – Certified Financial Planner (CFP) designation – 1982.
- Business Experience:  
Westco Financial Group, comprised of  
Westco Advisory Services, Inc.  
Westco Investment Corp.  
Westco Agency, Inc.  
Westco Financial Services, Inc. from 1983 to Present

Disciplinary Information: None

**Other Business Activities:**

James G. Westmacott is President and Registered Principal of Westco Investment Corp., a broker/dealer and has Series 7, 24 and 63 licenses. He is President of Westco Financial Services, Inc. for tax planning and tax preparation. He is also the Vice President of Westco Agency, Inc. and has a New York State Life, Health and Variable Annuity license. He spends approximately 30% of his work week on these related activities.

Additional Compensation: None

**Supervision:**

James G. Westmacott is supervised by Kathryn Westmacott Domack. She reviews James G. Westmacott's work through frequent office interactions as well as remote interactions. She also reviews James G. Westmacott's activities through our client relationship management system.

Kathryn Westmacott Domack's contact information:

By phone: (516)593-5070

By Email: [kwestmacott@westcofinancialgroup.com](mailto:kwestmacott@westcofinancialgroup.com)

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**Barbara D. Fulcher, CFP**

## Educational Background:

- Date of birth: 02/05/1952
- Institutions:
  - Queens College 1969
  - Nassau Community College 1970
  - Molloy College for Certified Financial Planner Designation 2004-2005. Barbara D. Fulcher completed the program and subsequent testing in 2005.

## Business Experience:

Westco Financial Group, comprised of  
Westco Advisory Services, Inc.  
Westco investment Corp.  
Westco Agency, Inc.  
Westco Financial Services, Inc. from 1988 to Present

Disciplinary Information: None

Other Business Activities: Barbara D. Fulcher has a NYS Life, Health and Variable Annuity license. She is a Registered Representative of Westco Investment Corp. and has her Series 7, 24, 27, 51 and 63 licenses. She is also a consultant of Westco Financial Services, Inc. for tax planning and preparation. She spends approximately 50 % of the work week with these related activities.

Additional Compensation: None

## Supervision:

Barbara D. Fulcher is supervised by James G. Westmacott, President. He reviews Barbara D. Fulcher's work through frequent office interactions as well as remote interactions. He also reviews Barbara D. Fulcher's activities through our client relationship management system.

James G. Westmacott's contact information:

By phone: (516) 593-5070

Email: [jwestmacott@westcofinancialgroup.com](mailto:jwestmacott@westcofinancialgroup.com)

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**Kathryn Westmacott Domack**

## Educational Background:

- Date of Birth: 10/29/1982
- Institutions:
  - Sacred Heart University-2004
  - Sacred Heart University (Masters)-2005
- Education through Securities Training Corp. and subsequent passing of Series 65 in 2015

## Business Experience:

Westco Financial Group, comprised of  
Westco Advisory Services, Inc.  
Westco Investment Corp.  
Westco Agency, Inc.  
Westco Financial Services, Inc. from 2008 to Present

Disciplinary Information: None

Other Business Activities: Kathryn W. Domack is President of Westco Agency, Inc. and has a NYS and CT Life and Health License. She spends approximately 25 % of the work week with these related activities.

Additional Compensation: None

## Supervision:

Kathryn W. Domack is supervised by James G. Westmacott, President. He reviews Kathryn W. Domack's work through frequent office interactions as well as remote interactions. He also reviews Kathryn W. Domack's activities through our client relationship management system.

James G. Westmacott's contact information:

By phone: (516) 593-5070

Email: [jwestmacott@westcofinancialgroup.com](mailto:jwestmacott@westcofinancialgroup.com)

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## **Susan Forgasch, CFP**

### Educational Background:

- Date of Birth 10/14/1957
- Institutions:
  - Queens College – B.A Accounting and Information Systems, Summa Cum Laude 1978
  - NYU – MBA courses taken in financial analysis
  - College for Financial Planning, CFP designation 1989
- Certified Public Accountant (CPA) licensed 1980, currently not active
- Subsequent passing of Series 7 and Series 63 licensing exams 1991, NYS Life and Health Ins, 1994

### Business Experience:

Ernst and Whinney CPAs - 1978-1980, Senior Accountant  
Coopers and Lybrand, CPAs - 1980-1992, Senior Manager

### Financial Planning Software Development

Comprehensive Financial Management, Melville, NY - 1992-1998  
Westco Investment Corp - 1998-present  
Westco Advisory Services – 2012-present

Susan Forgasch, CFP, dba Comprehensive Financial Strategies - 2000-present

### Disciplinary Information: None

**Other Business Activities:** Susan Forgasch is the owner of Comprehensive Financial Strategies, a company she founded in 1998 to provide financial services including retirement and estate planning to individuals and small businesses. She is NYS life and health licensed, as well as holds a Series 7 general securities license. She spends approximately 90% of the work week on activities related to her clients. She also is the managing member of a real estate LLC.

### Supervision:

The securities portion of Susan Forgasch's business is supervised by James Westmacott.

### James G. Westmacott's contact information:

By phone: (516) 593-5070

Email: [jwestmacott@westcofinancialgroup.com](mailto:jwestmacott@westcofinancialgroup.com)

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**Kenneth J. Hehir, Jr.**

## Educational Background:

- Date of Birth: 08/25/1957
- Institutions:
  - St. Michaels College - BA Business Administration 1979
  - Adelphi University - Certified Financial Planner (CFP) designation 1987

## Business Experience:

Westco Financial Group, comprised of  
Westco Advisory Services, Inc  
Westco Investment Corp  
Westco Agency, Inc  
Westco Financial Services, Inc from 1983-present

Disciplinary Information: None

Other Business Activities: Kenneth J. Hehir, Jr. is a Registered Representative of Westco Investment Corp. and has Series 7, 63, and 65 licenses. He has New York State Property & Casualty License as well as New York State Life, Health & Variable Annuity License.

Kenneth is also a Member of NGL Insurance Group, a Licensed Property & Casualty Insurance Agency; and a Member of NGL Life Associates, a Licensed Life Insurance Agency.

## Supervision:

Kenneth J. Hehir, Jr. is supervised by James G. Westmacott, President of Westco Investment Corp. He reviews Kenneth's work through meetings as well as the client relationship management system.

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**Addison (A.J.) Drummond**

## Educational Background

- Date of Birth: 05/10/1989
- Institutions:
  - Nassau Community College- 2009
  - CUNY Baruch- 2011
  - Education through Securities Training Corp. and subsequent passing of Series 65 in 2019, Series 7 and Series 63 licensing exams in 2020

## Business Experience:

Westco Financial Group, comprised of  
Westco Advisory Services, Inc.  
Westco Investment Corp.  
Westco Agency, Inc.  
Westco Financial Services, Inc from 2019 to Present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

## Supervision:

Addison J. Drummond is supervised by James G. Westmacott, President. He reviews Addison J. Drummond's work through frequent office interactions as well as remote interactions. He also reviews Addison J. Drummond's activities through our client relationship management system.

James G Westmacott's contact information

By Phone: (516) 593-5070

Email: [jwestmacott@westcofinancialgroup.com](mailto:jwestmacott@westcofinancialgroup.com)