



Two Oliver Street  
Boston, MA 02109  
(800) 333-3502

## Uniform Application for Investment Adviser Registration FORM ADV Part II

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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*Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.*

### **WHAT CLIENTS SHOULD KNOW ABOUT FEE-BASED ACCOUNTS**

*When making the determination of whether one of Cantella's wrap fee programs are appropriate for their needs, Clients should bear in mind that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Some such factors are account size, amount of turnover, type of securities purchased or sold, quantities of securities purchased or sold, commission rates and the client's tax situation.*

*You should have a conversation with your Adviser Representative and determine which is better for you – one of Cantella's fee based accounts or a commission based account. Please read this ADV II carefully as it explains, in detail, the different fee based account options that your Adviser Representative may be able to offer you.*

*Cantella Classic Gold  
Opportunity Account  
Cantella Classic Platinum  
Ambassador Account  
RJCS Wrap Account  
Freedom Account  
3<sup>rd</sup> Party Wrap Programs  
Financial Planning*

Part II - Page 2

Definitions for Part II

Related person -- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services -- Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1.	<p><b>A. Advisory Services and Fees.</b> (check the applicable boxes)</p> <p>Applicant:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"><input checked="" type="checkbox"/></td> <td style="width: 85%;">(1) Provides investment supervisory services (discretionary) . . . . .</td> <td style="width: 10%; text-align: right;">48%</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>(2) Manages investment advisory accounts not involving investment supervisory services (non-discretionary). . . . .</td> <td style="text-align: right;">51%</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>(3) Furnishes investment advice through consultations not included in either services described above (financial planning). . . . .</td> <td style="text-align: right;">1%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(4) Issues periodicals about securities by subscription . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(5) Issues special reports about securities not included in any service described above . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(6) Issues, not as part of any services described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(8) Provides a timing service . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(9) Furnishes advice about securities in any manner not described above . . . . .</td> <td style="text-align: right;">%</td> </tr> </table>	<input checked="" type="checkbox"/>	(1) Provides investment supervisory services (discretionary) . . . . .	48%	<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services (non-discretionary). . . . .	51%	<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either services described above (financial planning). . . . .	1%	<input type="checkbox"/>	(4) Issues periodicals about securities by subscription . . . . .	%	<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above . . . . .	%	<input type="checkbox"/>	(6) Issues, not as part of any services described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	%	<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	%	<input type="checkbox"/>	(8) Provides a timing service . . . . .	%	<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	%	<p>For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)</p>
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<p>(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)</p>																													
<p>B. Does the applicant call any of the services it checked above financial planning or some similar term? . . . . .</p>		<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="padding: 0 5px;">Yes</td> <td style="padding: 0 5px;">No</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	Yes	No	<input checked="" type="checkbox"/>	<input type="checkbox"/>																							
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<p>D. For each checked box in A above, describe on Schedule F:</p> <ul style="list-style-type: none"> <li>• the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee</li> <li>• applicant's basic fee schedule, how fees are charged and whether its fees are negotiable</li> <li>• when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date</li> </ul>																													
<p>2. <b>Types of Clients</b> -- Applicant generally provides investment advice to: (check those that apply)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"><input checked="" type="checkbox"/></td> <td style="width: 45%;">A. Individuals</td> <td style="width: 5%;"><input checked="" type="checkbox"/></td> <td style="width: 45%;">E. Trusts, estates, or charitable organizations</td> </tr> <tr> <td><input type="checkbox"/></td> <td>B. Banks or thrift institutions</td> <td><input checked="" type="checkbox"/></td> <td>F. Corporations or business entities other than those listed above</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C. Investment companies</td> <td><input type="checkbox"/></td> <td>G. Other (describe on Schedule F)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>D. Pension and profit sharing plans</td> <td></td> <td></td> </tr> </table>			<input checked="" type="checkbox"/>	A. Individuals	<input checked="" type="checkbox"/>	E. Trusts, estates, or charitable organizations	<input type="checkbox"/>	B. Banks or thrift institutions	<input checked="" type="checkbox"/>	F. Corporations or business entities other than those listed above	<input type="checkbox"/>	C. Investment companies	<input type="checkbox"/>	G. Other (describe on Schedule F)	<input checked="" type="checkbox"/>	D. Pension and profit sharing plans													
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Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

## Part II - Page 3

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (3) foreign issues  | <input checked="" type="checkbox"/> (1) securities                         |
|   | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants   |  |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on:                          |
|   | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input checked="" type="checkbox"/> (1) real estate                        |
|   | <input checked="" type="checkbox"/> (2) oil and gas interests              |
| <input type="checkbox"/> G. Investment company securities   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input checked="" type="checkbox"/> (1) variable life insurance                                   | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (2) variable annuities  |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Part II - Page 4**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 

<input type="checkbox"/> (1) broker-dealer	<input checked="" type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input checked="" type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (3) other investment adviser	<input checked="" type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input checked="" type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? .....  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage client.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes  No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Accounts are reviewed on a regularly by the Adviser Representative's branch manager. In addition, Cantella's compliance department reviews accounts on a monthly or quarterly basis as warranted by account activity. Accounts are updated by Cantella or its Adviser Representatives based on pertinent information supplied by the client. The following reviewers are employed:

Philip C. McMorro, President, CCO  
Michael Frasier, Compliance Officer  
Samuel Silverman, Compliance

B. Describe the nature and frequency of regular reports to clients on their accounts.

Accounts with activity during the month will receive a statement for that particular month. At a minimum all accounts receive at least a quarterly statement summarizing all assets and holdings. Clients receive confirmations of all transactions within an account.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |  |                                |
|--|--|--------------------------------|
| (1) securities to be bought or sold? .....               | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4), or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the product, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... Yes  No
- B. directly or indirectly compensates any person for client referrals? ..... Yes  No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

Applicant: Cantella & Co., Inc.

SEC File Number: 801-60841

Date: August 2007

**Continuation Sheet for Form ADV Part II**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

**Cantella & Co., Inc.**

IRS Empl. Ident. No.:

04-2670968

Item of Form  
(identify)

Answer

1 A-D

Cantella's business is to work with individuals and companies providing asset management and investment advice. Cantella provides advisory services to Clients by and through Advisory Representatives. These services consist principally of investment and financial planning advice entailing an analysis of client needs and investment choices to meet those needs. Clients may be asked to complete confidential investor profiles containing a variety of financial and personal information such as investment goals, income requirements, time horizon, and risk tolerance. Additionally, at least every three years, Clients will be asked to complete new suitability questionnaires in order to provide the Advisor Representative with up-to-date personal and financial information.

Fees charged are negotiable and assessed on an individual client basis according to different methods disclosed to and agreed upon in advance with the client, including hourly fees, fixed fees, or a percentage of assets under management. Amounts charged take into account the complexity of work performed, time involved, degree of responsibility of the Adviser Representative, special needs and characteristics of the client, types of investments, costs to manage the account, etc.

For clients with mutual fund investments, the fees paid for investment advisory services are separate and distinct from the fees charged by mutual funds to their shareholders. These fees and expenses are described in the Prospectus of each fund. Clients investing directly with a fund would not receive the services of Cantella which are designed to assist the client in determining which mutual fund or funds are most appropriate to meet a Client's financial goals and objectives.

**CANTELLA CLASSIC GOLD ACCOUNTS**

In Cantella Classic Gold Accounts the Client pays transaction charges, as well as, an advisory fee, based on assets under management.

Client will compensate Cantella for investment advisory services on an annual fee basis at the rate set forth in the Classic Gold Investment Advisory Client agreement. The fee will be payable quarterly in advance. New accounts opened during the first or second month of the quarter are billed initially for the days from inception to the end of the quarter based on the inception value. New accounts opened during the last month of the quarter are billed initially for the days from inception to the end of the month, plus the next full quarter based on the inception value. The initial quarterly payment will become due in full on the date the account is accepted and will be based on the account asset value as of that date. Fees are automatically debited from Client accounts unless other arrangements are made. Clients are entitled to terminate their participation in the Cantella Classic Gold program within five (5) business days of signing the agreement and will receive a refund of all advisory fees. Clients may also terminate advisory contracts at any time on at least 30 days prior written notice. Fees earned by the Adviser Representative will be paid upon termination, with a refund of any unearned fees pro rata to the time period involved.

For Cantella Classic Gold Accounts carried at National Financial Services LLC subsequent quarterly fees will be calculated based upon the average daily market value of Client's Gold Fee Investments, during the prior quarter. For Cantella Classic Gold Accounts carried at Bear Stearns and Pershing LLC subsequent quarterly fees will be calculated based upon the previous quarter's end value of the Gold Fee Investments. No fee adjustments will be made for withdrawal of funds until adjustments are made as reflected in the next quarter's invoice.

The minimum account size to participate in the Cantella Classic Gold wrap program is generally \$25,000. The minimum account size is subject to increase or decrease at the Cantella's discretion based upon the circumstances of each client.

Standard fee schedule for Cantella Classic Gold accounts.

*Fees are negotiable. Any adjustments made to the fee schedule need to be detailed in Schedule B of the Gold Investment Advisory Client Agreement.*

<u>Account Asset Value</u>	<u>Annualized Fee</u>
On the first \$500,000 in assets	2.0%
On assets over \$500,000	1.75%

Schedule of Charges for Execution and Clearing of Transactions in Cantella Classic Gold Fee Investments

<u>Security Type</u>	<u>Processing Fee</u>
Stocks: Listed	\$29.95 plus \$.015/ share for all listed trades over 2,500 share
Stocks: OTC	\$29.95
Closed End Mutual Funds	\$29.95 plus \$.015/share for all listed trades over 2,500 shares
Mutual Funds*	\$29.95
Options	\$50.00 plus additional \$1.50 per contract for orders in excess of 20 contracts
Bonds: Government, Corporate, Municipal, & Mortgage Backed	\$50.00

*\*Bear Stearns, Pershing and National Financial LLC have programs available that allow you to buy or sell over 1,000 no load or load waived funds without a transaction fee. A separate list of these funds is available.*

In addition to the foregoing transaction charges, Client will incur a charge in the amount of \$5.65 per transaction for postage & handling charges at National Financial LLC; \$5.35 per transaction for postage & handling charges at Bear Stearns; \$6.00 for postage & handling charges at Pershing LLC. Client may also incur charges for other account services provided by Cantella through Cantella not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

**CANTELLA CLASSIC PLATINUM WRAP PROGRAM**

The Cantella Classic Platinum wrap program operates in a similar manner as the Cantella Classic Gold program except that the Client does not pay transaction charges. The client does pay an advisory fee, based on assets under management

In addition to the advisory fee, Client will incur a charge in the amount of \$5.65 per transaction for postage & handling charges at National Financial LLC; \$5.35 per transaction for postage & handling charges at Bear Stearns; \$6.00 for postage & handling charges at Pershing LLC. Client may also incur charges for other account services provided by Cantella through Cantella not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

The minimum account size to participate in the Cantella Classic Platinum wrap program is generally \$50,000. The minimum account size is subject to increase or decrease at the Cantella’s discretion based upon the circumstances of each client.

**USE OF SUB-ADVISERS within Cantella Classic Gold and Platinum Accounts**

Cantella has entered into agreements with various sub-advisers. Under these agreements, the sub-advisers have agreed to provide various types of money management services. All sub-advisers whom Cantella selects will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission. Cantella will enter into agreements with sub-advisers for the provision of client services. Clients will not enter into direct contracts with the sub-adviser. Cantella maintains the authority to hire and terminate the services of each sub-adviser employed by Cantella.

After gathering information about a client's financial situation and investment objectives, the Adviser Representative may select a sub-adviser depending on the money management services required by the client. Cantella is responsible for paying fees and brokerage commissions charged by the sub-adviser and may, in turn, charge its clients for these fees. Client’s fee agreement will state the total fees payable and the percentage of that fee that is payable to the sub-adviser. This compensation is disclosed to the client in the client fee agreement.

The sub-adviser fees are payable in accordance with the Form ADV Part II or other equivalent disclosure document of each sub-adviser to whom the Adviser selects and may or may not be negotiable, as disclosed in the disclosure documents of the sub-adviser. Clients will be provided with the sub-adviser’s ADVII.

**OPPORTUNITY ACCOUNTS**

In Opportunity Account Program the Client pays transaction charges, as well as, an advisory fee, based on assets under management.

Client will compensate Cantella for investment advisory services on an annual fee basis at the rate set forth in the Opportunity Fee Agreement. The fee will be payable quarterly in advance. New accounts opened during the first or second month of the quarter are billed initially for the days from inception to the end of the quarter based on the inception value. New accounts opened during the last month of the quarter are billed initially for the days from inception to the end of the month, plus the next full quarter based on the inception value. The initial quarterly payment will become due in full on the date the account is accepted and will be based on the account asset value as of that date. Clients are entitled to terminate their participation in the Opportunity Account program within five (5) business days of signing the agreement and will receive a refund of all advisory fees. Clients may also terminate advisory contracts at any time on at least 30 days prior written notice. Fees earned by the Adviser Representative will be paid upon termination, with a refund of any unearned fees pro rata to the time period involved.

Subsequent quarterly fees will be calculated based upon the market value of Client's Opportunity Fee Investments on the last business day of the previous calendar quarter and will become due the following business day. No fee adjustments will be made because of withdrawals made by Client during the period. Cash or money market investments will be included in the open-end mutual fund section for billing purposes. Cash or money market investments which exceed 20% of the total market value of Client's account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of Client's account for fee purposes, making such monies exempt from Adviser Representative's fee.

The minimum account size to participate in the Opportunity Account Program is generally \$25,000. The minimum account size is subject to increase or decrease at the Cantella’s discretion based upon the circumstances of each client.

Standard fee schedule for Opportunity accounts.

Client can choose either the blended or the 3 tiered fee structure. *Fees are negotiable. Any adjustments made to the fee schedule need to be written in the fee schedule of the Opportunity Client Agreement.*

<u>Account Asset Value</u>	<u>Annualized Fee</u>
<b>Blended Fee Schedule</b>	
First \$200,000	2.00%
Next \$300,000	1.50%

Amounts over \$500,000	1.00%
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**OR**

**Tiered Fee Schedule**

Open-End Mutual Funds:	
First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Amounts over \$500,000	.75%

Bonds:	
First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Amounts over \$500,000	.75%

Assets Excluding Open-End Mutual Funds & Bonds:	
First \$200,000	2.00%
Next \$300,000	1.50%
Amounts over \$500,000	1.00%

**AND**

**Transaction Fee Schedule**

<u>Security Type</u>	<u>Processing Fee</u>
Stocks: Listed and OTC	\$30.00
Closed End Mutual Funds	\$30.00
Mutual Funds*	\$30.00
Preferred Stocks	\$50.00
Options	\$50.00
Bonds: Government, Corporate, Municipal, & Mortgage Backed	\$50.00

**THIRD PARTY WRAP PROGRAMS**

Adviser Representatives may also participate in, Cantella approved, programs established by other Registered Investment Advisory Firms (“Outside RIA”), referred to as third party wrap programs. Cantella participates in a number of third party wrap programs. When utilizing these programs, Adviser Representatives may act as a solicitor and are often paid a solicitors or finders fee, which may be a portion of the investment advisory fees charged to the client for investment advisory services. Adviser Representatives will provide each Client with an appropriate disclosure document that provides full details of the solicitor’s relationship including the amount of solicitor’s or finder’s fees paid for referral.

The Sponsors of the wrap program generally recommend a selection of participating manager(s). The Sponsor reviews information such as backgrounds, history, past performance, and keeping with one’s stated objectives and risk tolerance to determine which investment managers will be included as available choices in the wrap program. Adviser Representatives typically have their Client complete a financial questionnaire and discuss the Client’s investment goals and objectives to begin the manager selection process. Adviser Representatives then work with the Sponsor to determine which investment manager(s) meet the client’s investment criteria.

Pursuant to that arrangement, prior to a Client entering into an agreement with a third party wrap program, the Adviser Representative arranges for ADV Part II or equivalent brochure and other material relative to advisory services to be provided to the Client. These disclosures are designed to provide information about available products and services, applicable fees and offer due diligence for selecting and firing money managers. A copy of such brochures and agreements for each approved third party wrap program may be obtained by sending a request to: Cantella & Co., Inc., 2 Oliver St., 11<sup>th</sup> Fl., Boston MA 02109.

Third party programs may have account minimums, which are disclosed in their investment advisory brochures. Generally, they will not accept accounts under \$100,000, although some have higher and some have lower minimums. Some may be available for as low as \$25,000. Wrap programs provide a quarterly analysis of all positions and investment activity.

**FINANCIAL PLANNING**

Adviser Representatives may also provide Financial Planning services for their clients. In such situations Adviser Representatives may consult with Client’s accountant, legal counsel or other advisor(s) in order to collect pertinent information needed to advise Clients on tax planning, retirement planning, insurance planning, real estate investments, estate planning, asset management and other investments. Financial Planning services offered typically fall into one of the types listed below:

- *Comprehensive Financial Planning:* Adviser Representative will collect pertinent data, conduct personal interviews with the Client, prepare analyses of the financial data, and present a written financial plan to the Client. The Adviser Representative will be available to help the Client implement the recommendations.
- *Specific Financial Planning:* Adviser Representative will collect the pertinent data, conduct personal interviews with the Client, and analyze the financial data. The Adviser Representative will be available to help the Client implement the recommendations presented.

	<ul style="list-style-type: none"> <li>• <i>Hourly Financial Consultation:</i> Adviser Representative will provide financial planning and/or investment advice on an hourly basis.</li> <li>• <i>Portfolio Management:</i> Advisor will manage the Client's investment portfolio. The fee will be based on either an hourly rate or a fixed fee. The billing method will be agreed upon, in advance, by Client and Adviser Representative.</li> <li>• <i>Portfolio Monitoring:</i> Advisor will monitor the Client's investment portfolio. The fee will be based on either an hourly rate or a fixed fee. The billing method will be agreed upon, in advance, by Client and Adviser Representative.</li> </ul> <p>Neither Cantella nor its Adviser Representatives (unless they have the appropriate independent qualifications) are qualified to render legal or accounting advice, and do not claim to do so.</p> <p>Fees charged by Adviser Representatives are generally based upon actual or estimated hourly charges, which can vary according to the complexity of the financial planning services being provided. Hourly fees charged by the Adviser Representative generally range from \$50 to \$300 per hour. Cantella receives a percentage of that for administrative services. Cantella typically retains ten (10) percent and the Adviser Representative retains the balance after paying any software or production charges. Generally, upon the conclusion of the Financial Planning service(s) Client will write a check, payable to Cantella, for services rendered, in full. However, sometimes other arrangements, which are laid out in the financial</p> <p>Financial Planning is a separate service from our investment management services. Clients have full discretion as to how they choose to implement the recommendations discussed in the financial plan. There is no requirement to use Cantella or any of its Adviser Representatives for investment services. An additional agreement will be required if the Client chooses to utilize the Adviser Representative for further investment services.</p>
3(L)	In the course of providing investment advice, the Adviser Representative may address investment advisory issues affecting all types of assets, which may be owned by the client, including those listed in Item 3. This could also include other investments unique to clients such as equipment leasing partnerships, collectibles, privately held businesses, real estate, tangible personal property and the like.
5	Cantella generally prefers that those individuals associated with determining or giving investment advice have a college degree and/or significant business experience in the securities industry as well as any required federal or state licensing.
6	<p><b>McMorrow, Philip C.</b> DOB 1945  College: Merrimack College AB 1966, Northeastern University MA 1968  Certified Financial Planner (CFP®)  Background: Moors &amp; Cabot - Director of Compliance, 1993 -2001  Cantella &amp; Co., Inc - President and Director of Compliance, 2001-present</p> <p><b>Mann Jr., George W.</b> DOB 1943  College: Cleveland Marshall School of Law – Juris Doctor 1983  New England School of Law – 1980  Bentley College, BSA 1969  Admitted to Massachusetts Bar, July 1984  Background: National Association of Securities Dealers Inc. (NASD), 1971-1986  District Director / Cleveland, Ohio District, 1980-1986  Assistant Director / Boston, Massachusetts District, 1975-1980  Staff Supervisor / Examiner, 1971-1975  Boston Stock Exchange – Executive Vice President/General Counsel – 1986-2004  Cantella &amp; Co., Inc - General Counsel and Executive Vice-President, 2005 - present</p> <p><b>Freeman, James M.</b> DOB 1962  College: University of New Hampshire, BS Business Admin.  Background: Financial Consultant managing portfolios for individuals and businesses since 1985  Cantella &amp; Co., Inc - President, 1998 - 2001  National Sales Manager and Sr. VP, 1994 – present</p> <p><b>Frasier, Michael J.</b> DOB 1970  College: University of Massachusetts, BS  Background: Commonwealth Equity Services – Trade Services Rep, 1998-2000  Cantella &amp; Co., Inc. – Compliance Officer, 2000- present</p> <p><b>Silverman, Samuel M.</b> DOB 1963  Background: Fidelity Brokerage Services – Trader &amp; Operations Supervisor, 1986 – 1992  Commonwealth Equity Services – Trader Services Supervisor, 1992 – 2001, 2003 – 2004  Cantella &amp; Co., Inc. – Compliance Officer, 2004 - present</p>
7	Cantella & Co., Inc. is a Financial Industry Regulatory Authority (“FINRA”) registered broker/dealer providing services related to the purchase and sale of securities of which investment advisory services are only a part of this business. Cantella is also a SIPC member. Cantella Insurance Agency provides a variety of insurance products and services to clients. The majority of each business day at Cantella & Co., Inc is devoted to broker/dealer activities.

<p>8</p>	<p>Cantella is currently registered with the FINRA as a broker/dealer whose CRD # is 13905.</p> <p>Cantella Insurance Agency, an affiliated entity, provides traditional insurance services.</p> <p>Cantella has <i>applied</i> for a license with the National Futures Association as of August 2007. It is in the process of being reviewed.</p> <p>Cantella has investment advisory representatives that are also licensed to practice law or are Certified Public Accountants in addition to providing financial advice.</p> <p>Some Independent Registered Representatives (“RR”) of Cantella operate their own Outside RIA. Cantella generally provides service support such as processing information, trades, billing, and reporting of transactions. The sponsor under some of these cases will be Cantella. Cantella does not own such firms and may or may not participate in the fees charged by such firms. Investment strategies utilized by these advisory firms will vary according to the individuals running such firms. The advisory firm and not Cantella determine selection of managers. It is the responsibility of the client to review all available information before entering an agreement with the advisory firm.</p> <p>Cantella has agreements with other registered investment advisory firms, referred to as third party wrap programs. When utilizing these programs, Adviser Representatives may act as a solicitor and are often paid a solicitors or finders fee. The Sponsors of the wrap program generally recommend a selection of participating manager(s) in a wrap program. The Sponsor reviews information such as backgrounds, history, past performance, and keeping with one’s stated objectives and risk tolerance to determine which investment managers will be included as available choices in the wrap program. Adviser Representatives typically have their Client complete a financial questionnaire and discuss the Client’s investment goals and objectives to begin the manager selection process. Adviser Representatives then work with the Sponsor to determine which investment manager(s) meet the client’s investment criteria.</p>
<p>9 A-E</p>	<p>As a registered broker/dealer, Cantella may receive compensation for clearance and execution services, as well as payment for order flow and certain balances in accounts (e.g. 12 (b)-1 fees). Payment for order flow may be received from various sources and is described on confirmations sent to clients in accordance with current rules of the FINRA and SEC. A payment for order flow disclosure statement describing such payments is mailed to all clients annually.</p> <p>Our advisory clients may also incur account fees imposed by our clearing firms. These may include, in addition to custodial, clearing and execution charges, special fees for services rendered to special managed accounts, fees assessed to IRA or retirement type accounts, and other miscellaneous charges incurred in the normal course of business.</p> <p>Cantella may act as principal in purchasing securities from or selling securities to customers. Bond traders often receive compensation for facilitating these types of bond transactions.</p> <p>We may also engage in "agency cross transactions" (transactions in which we act as agent for both sides, usually involving a commission charge being paid by both parties). There is a potential for a conflict of interest in such transactions or potential for divided loyalties. These transactions will only be affected if deemed beneficial to both parties to the trade.</p> <p>Under appropriate circumstances, we may aggregate transactions for a number of advisory clients at the same time for execution purposes. This practice will not ordinarily affect or otherwise reduce commissions or other costs incurred. Aggregated securities may be allocated among advisory clients and their respective accounts on a pro rata basis depending upon the size of the transaction or some other equitable procedure adopted. In any case, trade allocation procedures may result in certain clients paying higher or lower prices for securities than may otherwise have been obtained. If, however, a security is trading in a very volatile fashion or the market is "fast", it may be in the best interests of all parties to aggregate trades in order to obtain a timely and favorable execution.</p> <p>Cantella and/or related persons and affiliates may buy or sell for itself/themselves securities, which we also recommend to clients. All transactions are within FINRA guidelines. Such trades occasionally occur to facilitate the needs of the client.</p> <p>It is also possible that Cantella may own interests in mutual funds, money market accounts, fixed income, equities, and other investments, which may, in turn, be recommended to clients. Such recommendations will be made on investment merit and not on the basis of improving the value of holdings of the applicant or related persons. All accounts of Cantella or related persons are periodically reviewed by our Compliance Department for analysis of potential conflicts of interest and to satisfy all regulatory requirements.</p> <p>We may utilize money market funds as temporary investment vehicles for managed accounts, subject to applicable restrictions, as permitted by law. We also may receive economic benefit from such investments in the form of a sharing of the management fee charged by such money market funds. Such a sharing arrangement may adversely impact the yield of such funds, as the expense ratios of such funds tend to be higher than those sponsored by management companies which do not share a portion of any management fee.</p> <p>We may also give advice and take action in the performance of our duties to a particular client which differs from advice given, or the timing and nature of action taken, with respect to other clients accounts. Additionally, the firm and its affiliates may not be free to divulge or act upon certain information in their possession on behalf of investment advisory or other clients.</p> <p>All clients have the opportunity to impose reasonable restrictions on the securities purchased or the way their account is managed. These restrictions may be imposed in order to gain a tax advantage or for some other personal objective. Any restrictions may adversely affect the risk-reward level of a portfolio. We will honor the restrictions absent extraordinary circumstances. Clients who impose restrictions with respect to certain assets in a managed account may cause a portion of the portfolio to be placed outside the manager's discretion, expertise and judgement as to the wisdom of purchasing,</p>

	<p>holding or selling particular securities. The decision by a client to retain certain assets may have an adverse impact on the amount of risk assumed by the client and may hinder the investment manager's ability to manage the portfolio properly according to the stated objectives of the client.</p> <p>Cantella Insurance Agency, Inc. provides traditional insurance products and services for individuals and institutions. There is a potential conflict of interest in that insurance products recommended by Adviser Representatives of Cantella may be processed through Cantella Insurance Agency, Inc., which has a financial incentive to participate in such activity. Cantella has Adviser Representatives that are also licensed to practice law or are Certified Public Accountants in addition to providing financial advice.</p> <p>Cantella has adopted a Code of Ethics governing the conduct of its employees. Cantella monitors the personal securities transactions of its employees. The Code of Ethics sets forth standards of conduct and addresses potential conflicts of interest among Cantella Adviser Representatives. Philip C. McMorrow has been appointed as Chief Compliance Officer of Cantella. The firm's Code of Ethics is available to Clients or prospective Clients on <a href="http://www.cantella.com">www.cantella.com</a> or they may request a copy by calling Cantella's Compliance Department at 800-333-3502 or they may email their request to <a href="mailto:compliance@cantella.com">compliance@cantella.com</a>.</p>
10	<p>Generally the minimum account size for Cantella Classic Gold is \$25,000, and for Platinum accounts generally \$50,000. The minimum account size is subject to increase or decrease at the sponsor's discretion based upon the circumstances of each client.</p>
12 A	<p>Clients may give the Adviser Representative or RR limited discretionary authority to effect transactions within an account by signing a Limited Trading Authorization. This would give the Advisory Representative or Independent RR the full discretion, power, and authority to sell (including short sales), purchase, exchange, convert, tender, trade, or otherwise acquire or dispose of stocks, bonds, and any other securities including the purchase and/or sale of option contracts (exchange traded or over-the-counter, puts, calls, etc.) to open new option positions or close existing positions, to exercise option contracts and to sell option contracts as either a covered or uncovered writer, and/or contracts relating to the same on margin or otherwise in accordance with the terms and conditions of Client's account.</p> <p>Cantella is frequently given authority to deduct management fees from the client's account.</p> <p>Cantella has clearing agreements with National Financial Services Corporation, Raymond James &amp; Associates, Pershing LLC and Bear Stearns Securities Corporation. Cantella's Advisory Representatives are also RR's of Cantella's broker/dealer. Therefore, Cantella's advisory accounts are custodied at one of the afore mentioned clearing firms which have a relationship with the broker/dealer. The Advisor's participation in these arrangements may raise potential conflicts of interest. The Advisor acknowledges its duty for "best execution" for its client transactions.</p> <p>All commission charges are within the guidelines set forth by the FINRA.</p> <p>RR's and Advisory Representatives are responsible for recruiting their own Clients. At times, Cantella may reassign existing accounts to other RR's and Advisory Representatives.</p>
13 A	<p>Cantella operates principally as a FINRA registered broker/dealer and its advisory activities are a part of these overall operations. As a registered broker/dealer, the firm receives compensation for clearance, execution services and for balances in accounts such as 12b1 fees. Cantella does not receive payment for order flow.</p> <p>Cantella often enters into agreements with its RR's or with their Outside RIA's whereby the RR via their Outside RIA may act as solicitor for investment advisory services provided by Cantella or third parties. Cantella may receive a portion of advisory fees charged to clients in exchange for referrals and other services. Pursuant to such arrangement (which are disclosed in advance of client agreement) the Adviser Representative arranges for Part II of Form ADV and brochures or other related material relative to advisory services to be provided to the client through the solicitor. Referral of Clients in exchange for a portion of advisory fees or other services may constitute a conflict of interest.</p>

**Complete amended pages in full, circle amended items and file with execution page (page 1).**