



**ROMANO**  
BROTHERS & CO.  
WEALTH MANAGEMENT

P 847 866 7700 F 847 866 7054

**[WWW.ROMANOWEALTH.COM](http://WWW.ROMANOWEALTH.COM)**

1560 SHERMAN AVENUE, SUITE 1300  
EVANSTON, IL 60201

**This brochure provides clients with information about Romano Brothers & Co. and the Managed Account Program that should be considered before becoming a client of the Managed Account Program. This information has not been approved or verified by any governmental authority.**

PROTECTING YOUR PROSPERITY. SECURING YOUR FUTURE. SINCE 1962.

# Table of Contents

SERVICES .....	<u>1</u>
INVESTMENT PHILOSOPHY .....	<u>1</u>
SERVICE EXECUTION .....	<u>2</u>
PEOPLE .....	<u>3</u>
FEES .....	<u>5</u>
ADDITIONAL CONSIDERATIONS .....	<u>5</u>

## **ROMANO BROTHERS & CO.**

### **DISCLOSURE STATEMENT**

#### **SERVICES**

The Managed Account Program of Romano Brothers & Co. consists of several components:

- a) General financial, retirement, tax and estate planning
- b) Investment selection and follow-up monitoring
- c) Purchase and sales of securities
- d) Securities custody and income collection
- e) Continuing communication to discuss account performance, market conditions, changes in client circumstances, etc.

Managed Account Services are generally offered to individuals, corporations, trusts, estates, charitable organizations, pension and profit sharing plans. Generally, the minimum amount of assets for a managed account is \$250,000, but this is not a rigid requirement and there are exceptions.

#### **INVESTMENT PHILOSOPHY**

The investment philosophy of Romano Brothers & Co. is very conservative. Our fundamental objective is to preserve the investor's capital. A major part of our advisory service is to determine the most advantageous investment allocation among asset classes at any given time. Investment values and investment fashions vary inversely with each other. Consequently, major effort is expended in evaluating those asset classes that offer the most potential for gain and the least potential for loss, and the distribution of a client's assets is adjusted among the various classes accordingly. At certain times cash or equivalents are the most desirable assets. When markets become so overvalued that the risk of loss outweighs the return on short-term investments, funds are moved in that direction. Within a portfolio of securities, each security must stand on its own merit. We do not recommend securities merely for industry representation or because it is a "good name". Our analysis of securities is based on fundamentals. The main sources of information we use include Bloomberg, Zacks Investment Research, financial periodicals, research material prepared by others, corporate rating services such as Standard & Poor's, and company filings with the Securities and Exchange Commission. We seek those securities that, in our opinion, represent outstanding value based on earnings, earnings trend, assets and cash payouts in relationship to price.

## **SERVICE EXECUTION**

In the Romano Brothers & Co. Managed Account Program, the financial consultant and portfolio manager are the same person. The client chooses the financial consultant he or she wishes to work with and works directly with that person without intermediaries, and continues to work with that same person unless the client elects to change. Generally, the Portfolio Manager will choose the amount of and the securities to be bought or sold. Communication between client and consultant is extremely important and we encourage frequent contact.

All accounts are reviewed at least quarterly. Additionally, reviews are triggered by the occurrence of a significant event in a particular portfolio security. If a significant event occurs in a security owned by our clients, all accounts owning that security are reviewed. In addition, a portfolio performance is calculated each quarter and is reviewed by a principal of the firm or its Chief Compliance Officer, who also monitors the suitability of investments and their compliance with the client's stated investment objectives.

Each client account is reviewed for change in client circumstances, suitability of current investment strategy and suitability of specific investments in the account.

Each client receives a monthly account statement which shows:

- a) Purchases and/or sales of securities during the month
- b) Securities movements
- c) Dividend and interest received
- d) Cash movements into or out of the account including any associated money market mutual fund
- e) Beginning and ending cash balances
- f) Closing securities positions and current market value, annual income, yield and gain or loss compared to cost
- g) Total account equity

## **PEOPLE**

Romano Brothers & Co. employs 10 Portfolio Managers, and in addition some serve as officers of the firm from Vice President to President. All of these people have university training, and in one case a Ph.D. All have completed a minimum of the FINRA Series 7 General Securities Representative Examination as well as hold significant securities or other financial industry experience. Two have earned the designation of Certified Financial Planner™.

Each manager supervises from approximately 20 to 250 relationships and each is overseen by a firm principal. Portfolio Manager performance is reviewed by a principal of the firm according to standards developed and used by the firm. Their employment histories and educational backgrounds are listed below:

### **Richard C. Romano, Chairman**

Date of birth: September 7, 1932

B.S. Chemical Engineering, University of Illinois 1954

M.S. Chemical Engineering, University of Delaware 1956

Ph. D. Chemical Engineering, University of Delaware 1958

August 1, 1962 through 2002 general partner and President of Romano Brothers & Co. engaged in the general securities business and financial management.

Since October 2002, Chairman of Romano Brothers & Co.

### **Joseph R.V. Romano, President, CFP®**

Date of birth: November 26, 1969

B.A. Economics with Honors, Wesleyan University, Middletown, CT 1992

Carolina Millwright Service, Logistics Manager, 1994-1995

Romano Brothers & Co. 1995-2002, Portfolio Manager

Since October 2002, President of Romano Brothers & Co.

### **Douglas N. Geisser, Vice President-Fixed Income Securities**

Date of birth: November 17, 1960

B.A. Economics and Business, Lake Forest College 1982

Columbian Securities Inc. 1983-1990, Vice President and Sales Manager

Since May 1990, Vice President of Romano Brothers & Co. engaged in the general securities business specializing in fixed income securities as well as equity portfolio management.

**David G. Davenport, Portfolio Manager**

Date of birth: May 15, 1967

B.A. Economics, University of Arizona 1990

The First National Bank of Chicago 1991-1997, Private Banking Associate

Since June 1997, Portfolio Manager at Romano Brothers & Co.

**Richard A. Hemwall, Portfolio Manager**

Date of birth: October 2, 1959

B.S. Communications, Illinois State University 1982

Merrill Lynch 1987-1996 Senior Financial Consultant

Since April 1996, Portfolio Manager at Romano Brothers & Co.

**Deborah L. Cross, Portfolio Manager**

Date of birth: March 10, 1952

B.A. Liberal Arts, Allegheny College, Meadville, PA 1974

Certificate Financial Services, Investment Analysis 1999

National Steel Service Center, Inc. 1978-1988, Territory Manager, Materials Manager

Circle K Industries, Inc. 1988-1992, Vice President, Sales and Marketing

National Securities Corp. 2003, Investment Executive

Since October 2003, Portfolio Manager at Romano Brothers & Co.

**Natalie Romano, Associate Portfolio Manager**

Date of birth: July 11, 1973

Northwestern University, Liberal Arts

Merrill Lynch, 1994-1996, Registered Assistant Fixed Income Team

Solomon Smith Barney, 1997-1998, Registered Sales Associate, Equity Portfolio Manager

Since March 1999, Associate Portfolio Manager at Romano Brothers & Co.

**Christopher K. Knorr, CFP®, Associate Portfolio Manager**

Date of birth: April 14, 1984

B.A. Economics, Hamilton College, Clinton, NY 2006

Since July 2006, Associate Portfolio Manager at Romano Brothers & Co.

**Brett Larson, Associate Portfolio Manager**

Date of birth: December 12, 1980

B.A. Finance with an emphasis in Accounting, University of Iowa 2003

First Investors Corporation 2003-2004

JP Morgan Chase Bank 2004-2006

Romano Brothers & Co. 2006-2009, Operations

Since September 2009 Associate Portfolio Manager at Romano Brothers & Co.

**Laura Daly, Associate Portfolio Manager**

Date of birth: February 5, 1977

B.A. Journalism, Georgia State University 1999

Charles Schwab 2000-2009, Operations Manager

Since August 2009 Associate Portfolio Manager at Romano Brothers & Co.

**Justine Richards, Associate Portfolio Manager**

Date of birth: September 28, 1984

B.A. Communication Arts and Sciences, Michigan State University 2006

Comcast Spotlight 2006-2008, Account Executive

Imagetec L.P. 2009 – 2010, Account Manager

Since May 2010 Associate Portfolio Manager at Romano Brothers & Co

**FEES**

Annual asset valuation fee (including cash) for our services (subject to negotiation):

\$100,000 to \$250,000	1% subject to \$1,000 minimum fee
\$250,000 to \$1,000,000	0.6% plus \$1,000 base fee
Next \$1,000,000 to \$4,000,000	0.5%
Accounts of \$5,000,000 +	by negotiation

This fee is retained by Romano Brothers & Co. Included in the management fee are normal brokerage commissions customarily charged for brokerage transactions. The asset base for calculation of fees includes all securities in the account including money market funds and mutual funds. Fees charged by the firm are in addition to those charged by the fund managers.

The services provided by this program might be more or less than the cost of the same services if provided separately. Since the program services consist of a) general financial, tax and estate planning, b) investment selection and monitoring, c) purchase and sale of securities, d) securities custody and income collection, and e) reporting, the cost of these services purchased separately would depend upon the relative usage of each component. For example, for a client that is an active trader, transaction fees could total more than the single comprehensive account fee under the investment management program, and vice versa.

## **ADDITIONAL CONSIDERATIONS**

Romano Brothers & Co. is also registered as a broker-dealer. In the course of providing managed account services, the firm will execute trades for clients through its broker-dealer. As an introducing broker-dealer, the firm routes all of its order flow to its clearing firm, Mesirow Financial, Inc. ("MFI"). MFI as clearing broker directs execution of all of the firm's trades, and performs its own internal review of best execution. MFI directs a large volume of orders to brokers on all major exchanges.

The firm as principal does buy or sell securities from or to its clients. The broker-dealer arm of the firm does not engage in underwriting or trading equity securities. It does however, engage in trading municipal, corporate and U.S. Government Agency securities, and maintains bona fide positions subject to real market risk in owning those securities. Our policy is to mark-up or mark-down securities from the inter-dealer offering price and the investment management contract discloses this information to our clients. This policy usually yields additional compensation to the firm and might in some cases provide a potential conflict of interest. The amount of any mark-up or mark-down will be provided on request.

Participants may incur additional fees in the program. These fees include a postage fee of \$3.75 per trade.

Romano Brothers & Co. receives distribution fees (so called 12b-1 fees) from mutual funds and specifically from the distributor of the money market mutual fund used by it for deposit of un-invested funds.

On occasion, the firm makes an error in executing a client transaction. When these errors occur on a solicited trade, the firm policy is to determine what the client was properly entitled to and puts the client in that position. The firm assumes the market risk of making the customer whole, and in the process of correcting the error might make a gain or take a loss. Any gain or loss inures to the firm since the client was put in his rightful position and the firm assumed the risk. When a trade error occurs on an unsolicited trade in which a prolonged period of time has elapsed before the error is discovered, the firm will expect the client to share in the liability for the error, as the client has received a confirmation of the trade as well as a statement. The level of that liability will be determined at the discretion of the principals of the firm.

The portfolio manager recommending and managing the Romano Brothers & Co. Managed Account Program receives compensation for the client's participation in the program. This compensation might be more than what the manager would receive if the client paid separately for the various services provided by the firm, and might therefore have a financial incentive to recommend the investment management program over other services.

Neither Romano Brothers & Co. nor any related person has any arrangement oral or written where it is paid cash or receives any economic benefit from a non-client in connection with giving advice to clients. Nor does Romano Brothers & Co. or any affiliated person directly or indirectly compensate any person for client referrals.