

FARAH
Financial
Services

Farah Financial Services

Applied Wealth Management

Experience

Discipline

Integrity

Performance



Portfolio Management

Private Client Banking

Wealth Services

Brochure Supplement

January 1, 2011

Due to changes, clarifications and explanations, we offer this supplement to our firm's brochure, website and client documents.

1. Farah Financial Services, the Firm is the Registered Investment Advisor not Michael Farah as an individual.
2. The portion of the Wrap Fee charged for the services of Merrill Lynch are for custodianship of securities, accounting and execution of transactions. Merrill Lynch may charge for additional services requested by clients. Such services may include cash management accounts, trusts, corporation accounts, federal wires, overnight requests and trade away settlement fees. A complete list of additional fees for unusual transactions will be available by request or can be found on our website at www.Farahas.com. At this time Merrill Lynch charges approximately .075 basis points annually of account balances and 2 cents a share per transaction. The total Merrill Lynch costs have averaged only approximately .15% of the annual account value. The advisory fee of 1% annually paid to Farah Financial Services is billed quarterly. The total average cost to clients of Farah Financial Services has averaged only 1.15% annually.
3. Farah Financial Services maintains six office locations and may staff each office depending on need and appointment schedule. The main office in Newport Beach is always staffed during New York Stock Exchange trading hours. A 24 hour emergency number (949) 244-5302 is always staffed.
4. Farah 'FAS', manages registered securities, equities, bonds, real estate, and personal assets. Michael Farah has managed as much as \$300 million at one time during his 33 years in financial services and continues to manage a wide range of assets.
5. FAS files annual reports with the United States Securities and Exchanges Commission. All current filings and disclosures are available to the public at www.sec.gov. All current filings on FAS and other registered investment advisors are made available on this site maintained by FINRA, Financial Industry Regulatory Authority. Merrill Lynch and Farah Financial Services are members of FINRA.

About FINRA, The Financial Industry Regulatory Authority: The financial Industry Regulatory Authority (FINA) is the largest non-governmental regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 5,000 brokerage firms, about 174,000 branch offices and approximately 676,000 registered securities representatives.

Created in July 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange, FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. Merrill Lynch is a member firm of FINRA.

6. Michael P. Farah, in addition to serving as Managing Member and Chief Compliance Officer of Farah Financial Services, serves from time to time on numerous charitable boards. He holds the position as Chairman of the Celebrity Foundation for Children, a tax exempt charity under section 501(c) of the Internal Revenue code. In the event that any client determines to make a donation to the Foundation, he/she should be aware of Mr. Farah's association therewith. Mr. Farah does not receive any remuneration for holding this position or any other positions on charitable boards.
7. Please remember that different types of investments involve varying degrees of risk and that past performance may not be indicative of future results. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investment and/or invest strategies recommended or undertaking by Farah Financial Services, LLC) will be profitable. Please remember to contact Farah Financial Services, LLC if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.

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Farah Financial Services

Applied Wealth Management

Welcome

It is our pleasure to present this brochure to our clients and friends for use in planning their investment future. Defining your goals in life is the first step in achieving one's dreams and aspirations. A prudent plan of saving, investing, management and flexibility steers a course where the voyage is often as exciting as the destination.

Experience has taught us that life is what you make of it, and here at Farah Financial Services, we live it with our clients everyday. Our clients are family and we share their desire to live life to the utmost.

Michael P. Farah
Registered Investment Advisor

Discipline

Our managed account strategies rely on solid portfolio construction and adherence to your personal investment needs.

Experience

Applying over 30 years of exemplary performance, Farah Advisory Services possess the knowledge to make your investment goals a reality.

Performance

We measure our standard by the setting and fulfillment of one's financial goals to pursuit a healthy and prosperous life.

Integrity

We pledge to act prudently in performing our fiduciary duty to place our client's first.

About Us

For over 30 years, our Registered Investment Advisor has managed substantially over 300 Million dollars of client's assets. In addition, he has acted as Trustee for many family trusts and foundations. We are now working with many estate planning attorneys, tax attorneys and CPA's to deliver seamless transactions for family trusts and family foundations where Farah Financial Services acts as a trustee or successor trustee.

[Farah Financial Services](#) offers portfolio management with no commissions, thereby eliminating the apparent "conflict of interest" with the traditional broker-client relationships. Clients enjoy a single wrap fee which is less than half of our major competitor's fees. Our company website (FARAHAS.com) offers one-stop research tools and daily personal account updates. We offer personal management and trustee services often only associated with a bank trust departments.

Clients at Farah Financial Services enjoy some of the most innovative private banking services in the investment industry

We have expanded our private banking services by offering automatic bill paying from personal accounts for utilities, house payments, credit cards and many other reoccurring expenses. These services especially appeal to our mature clients, assisted living residents, professionals and frequent travelers who can plan extensive trips without worrying about coming home early to make bill payments.

Full private office and board room for clients

Many of our clients are retired or professionals who have regular business, personal or charitable board meetings. Without a formal office, they are often uncomfortable with numerous or unknown individuals coming to their private homes to discuss business matters, an invasion of their personal privacy. We now offer a full private office and/or board room to our registered clients at no charge. Our client office is beautifully appointed with rich custom office furniture, telephone, fax computer and reception service. Our board room comes with a custom wooden conference table, luxurious seating and conference telecommunication. The enclosed picture features a view of our facilities.

The private world of the successful

Our sphere is one of the most successful set of clients, leaders and affiliations around the globe. We have access to many of the great private clubs, yacht facilities and entertainment venues. A registered client of Farah Financial Services only needs to contact the customer service representative to arrange a private invitation.

Each client is assigned a portfolio manager, a customer service representative and an on-line technician for technical assistance.

Superior Investment Solutions for Private Investors

Customized managed accounts are what we do. Most investment firms require a minimum \$1 million of investable assets to access the “High-end” client services. At Farah Financial Services, we believe every client is high-end regardless of worth. From the bottom to the top, investors look for the same things: results, long term goals, expert advice, flexibility, tax advantages, contact with a personal Investment Advisor. Our record proves we provide these to all clients. Our core investment offerings have been designed to serve as the foundation for most investment plans. High and low net worth investors use Farah Financial Services to manage individual portfolios, family trusts & foundations, retirement and rollover assets.

Specifically designed to meet the unique needs of high net worth investors and then passed on to lower net worth investors, managed accounts accommodate a variety of individual investment goals. Portfolios are managed according to a client’s needs, such as deferring taxable events or avoiding concentrated positions in a single security or sector. Farah Financial Services first works with you to define your:

- Goals
- Risk Tolerance
- Time Horizon
- Other Investment Needs

Then your Farah registered investment advisor will customize your personal portfolio and strategies that are appropriate for your needs.



*You are the most important part of your future;
Farah Financial Services will help you plan for it.*

Private Portfolios by Farah Financial Services



Private portfolios are segregated investment portfolios that are professionally managed according to guidelines established by the investor and their Farah registered investment advisor. Unlike mutual funds, assets invested in private portfolios are not commingled with those of other investors. Private portfolios are tailored to the unique circumstances and objectives of the individual investor, including tax considerations, risk versus return requirements, and other financial goals.

Private portfolios combine the benefits of professional money management with the flexibility, control and potential tax advantages of owning individual securities. These portfolios may be appropriate for investors with significant assets who have long-term financial goals and special tax considerations.

Private portfolios offer investors an opportunity to customize their investment strategies and portfolio holdings according to their particular needs and objectives. With private portfolios you can:

- Allocate your investments among an array of investment styles and disciplines to provide exposure to various asset classes through changing market cycles and to help smooth out fluctuations in returns

- Establish performance benchmarks to match your unique financial objectives.

- Avoid investments in specific industries or companies

Your Farah registered investment advisor will help you define your investment guidelines for your private portfolio that consider other holdings in your portfolio. If your current portfolio is dominated by large positions in appreciated stock, your portfolio manager will execute specific strategies designed to help you transition to a more diversified portfolio.

An array of investment styles and disciplines to provide exposure to various asset classes through changing market cycles

A tailored investment strategy, each account is unique to each investor

Tax Advantages of Private Portfolios

An important benefit of private portfolios is the portfolio manager's ability to work with you and your tax adviser to coordinate investment activities to help manage your overall tax liability. Tax-efficient investment strategies employed by your Farah registered investment advisor may result in higher after-tax returns. In addition, specific securities held in a private portfolio may be sold to generate gains or losses that can be offset against returns from other investments or against taxable income.

The potential tax advantages of private portfolios include:

- Control over the realization of capital gains or losses. Because the underlying investments in private portfolios have a known cost basis and acquisition date, investors can direct the sale of specific securities in order to minimize realized capital gains. In addition, long-term investors are positioned to benefit from the more favorable long-term capital gains tax rate
- Characterization of income and capital gains distributions. Investors in private portfolios can seek to avoid income-producing investments and portfolio strategies that result in short-term capital gains, which are taxed at higher rates. This feature also makes private portfolios an attractive option for assets held in certain types of trusts, such as charitable remainder trusts.
- No accrued tax liability. Unlike some pooled investments, new investments in private portfolios do not carry embedded capital gains. Active management around specific tax concerns. When discretionary trading on behalf of the investor, a Farah registered investment advisor can also take advantage of price fluctuations to realize losses that may offset other gains, to time the recognition of gains, or to manage the cost basis of securities held in the portfolio.



Retirement

People are living longer and have more opportunities to form their own path for retirement. With so many avenues to take it's more important than ever to have clear and defined plan to reach your unique retirement goals.

Farah Financial Services will help you:

- Define your goals
- Save and invest before retirement
- Invest and draw down in retirement



Defining your Goals

Financial independence is the goal of retirement planning. Having enough assets to provide an income that will support the lifestyle you desire. Defining this lifestyle and what you will need to support it is the first stride in retirement planning.

Estimating Expenses

You may see yourself living more simply or doing the things you always dreamed of. Whatever your plan for retirement is, planning for expenses is as important as planning your investments. It's true that work related expenses will go down. But you may find that savings are offset by more frequent dining out, travel, entertainment and health services. You will also need to plan for the amount of tax you must pay when drawing income from 401(k)s and other tax deferred accounts. A Farah registered advisor with many years of retirement planning experience will help you plan for every aspect of your retirement and establish a realistic plan.

Setting Goals

For most, pensions and Social Security will not be enough to completely cover your retirement plans. This gap must be filled with revenue from invested assets. A Farah registered advisor will help you set asset and target investment return goals by considering key factors like taxes, inflation and the length of time you plan to spend in retirement.

Points to consider when setting goals:

- How much will I spend while in retirement
- How long will I spend in retirement
- What other sources of income are available
- How much will taxes and inflation effect my income
- What percent of return will I likely earn on my portfolio

The core of every retirement plan is the investment portfolio.

Our trustee services, automatic bill paying, electronic transfer and private office facilities service these clients in ways other firms lack.

Saving and investing prior to retirement

After establishing your retirement asset goals, you will be ready to develop an action plan. You will need to plan and consider:

- Monthly assets to set aside
- Eligibility for new higher contribution and catch-up limits
- Returns needed to meet retirement goals
- Investments to reach those goals

How to take full advantage of taxable and tax-deferred accounts



Your strategy

A Farah registered advisor will help you choose investments for your portfolio to meet your goals and recommend an asset allocation strategy that reflects your risk tolerance, time frame and objectives.

It has been pointed out in this brochure that we have been managing assets and portfolios for over thirty years. We have served in some cases, three generations from the same families. Industry insiders have joked that our clients are some of the oldest souls who walk the earth.

To this, we plead guilty!

We have gained great knowledge, insight and wisdom from our older clients, not to mention patience. We have adapted and learned to respond to their particular needs.

A number of our clients reside in assisted living facilities, senior housing or have some nursing services in their homes. We are skilled in servicing these needs, and, are one of the very few investment firms who service these needs as part of our normal operations.

Our trustee services, automatic bill paying, electronic transfer and private office facilities service these clients in ways other firms lack.

We discuss these options with clients long before they are needed. By sharing our experiences, clients have a better understanding of their choices and how to plan financially, physically, and mentally for the future. This is what we are known by:

Experience

Discipline

Integrity

Performance

Charitable Giving

Giving to charities has many benefits to those in need in your community, emotional and tangible. It feels good to invest in others. And it's nice to receive the real tax benefits for you as well. By making charitable giving an important part of your life, you will benefit from knowing you're making a difference and receiving the advantages that come along with giving. A Farah registered advisor will help you plan your charitable giving while maximizing the savings that come along with such generosity.

Giving can be a satisfying part of your financial plan.

By maximizing the tax benefits of your gifts, you are also maximizing the impact of your gifts to those you wish to benefit. Giving is a win win situation.

There are a variety of ways to give to charitable causes you support. A Farah registered advisor will help you, with the advice of your tax advisor, choose the best options which maximize tax advantages and giving to the right organizations.

A Farah registered Advisor will help you answer questions about your charitable giving; like:

- What type of tax benefit are you looking for?
- Are you interested in a one time gift or an ongoing gift?
- Do you want to use appreciated securities to fund your giving?

There are many ways to give:

One Time Gift

The simplest way to make a charitable donation of funds, property or securities made directly to an organization. Gifts can be made during an investment year or at your death.

Charitable Trusts

Allow you to maximize the tax advantages of your giving and retain some interest in the assets in the form of either an income stream or the principal.

Private Foundations

Offer you a great deal of control over your giving and require legal and administrative costs and reporting your contributions and grants.

The professional approach to giving provided by Farah Financial Services will set up your giving plan by:

Establish tax and personal goals for giving.

Determine your level of privacy and flexibility you would like for giving.

Identify assets for giving to maximize tax savings and donations.

Evaluate and choose your method of giving.



"Kindness is the language which the deaf can hear and the blind can see."
- Mark Twain

On Buying & Selling

And a merchant said, "Speak to us of Buying and Selling."

And he answered and said:

To you the earth yields her fruit, and you shall not want if you but know how to fill your hands.

It is in exchanging the gifts of the earth that you shall find abundance and be satisfied.

Yet unless the exchange be in love and kindly justice, it will but lead some to greed and others to hunger.

When in the market place you toilers of the sea and fields and vineyards meet the weavers and the potters and the gatherers of spices, -

Invoke then the master spirit of the earth, to come into your midst and sanctify the scales and the reckoning that weighs value against value.

And suffer not the barren-handed to take part in your transactions, who would sell their words for your labour.

To such men you should say,

"Come with us to the field, or go with our brothers to the sea and cast your net;

For the land and the sea shall be bountiful to you even as to us."

And if there come the singers and the dancers and the flute players, - buy of their gifts also.

For they too are gatherers of fruit and frankincense, and that which they bring, though fashioned of dreams, is raiment and food for your soul.

And before you leave the marketplace, see that no one has gone his way with empty hands.

For the master spirit of the earth shall not sleep peacefully upon the wind till the needs of the least of you are satisfied.



The Prophet
by Kahlil Gibran

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