



Form ADV **

Information as of 12/31/09

****Privacy Notice,
Code of Ethics Summary, and
Proxy Voting Policies & Procedures
included**

Uniform Application for Investment Adviser Registration

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2001
Estimated average burden hours per response.	9.01

Name of Investment Adviser: Mastrapasqua Asset Management, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code Telephone Number
814 Church Street, Suite 600	Nashville	TN	37203	(615) 244-8400

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 governmental 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.

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. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate
% of total advisory billings from that service.

(See instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services	100	%
<input type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services		%
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above		%
<input checked="" type="checkbox"/>	(4)	Issues periodicals about securities by subscription	0	%
<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 service 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		%

(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.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No
☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input type="checkbox"/>	(3)	Fixed fees (not including subscription fees)	<input checked="" type="checkbox"/>	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- 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

2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A.	Individuals	<input checked="" type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input checked="" 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			

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

Applicant:

Mastrapasqua Asset Management, Inc.

SEC File Number:

801- 43315

Date:

03/19/2010

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

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

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

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

- (1) ☒ Charting (4) ☒ Cyclical
- (2) ☒ Fundamental (5) ☒ Other (explain on Schedule F)
- (3) ☒ Technical

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

- (1) ☒ Financial newspapers and magazines (5) ☒ Timing services
- (2) ☒ Inspections of corporate activities (6) ☒ Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (3) ☒ Research materials prepared by others (7) ☒ Company press releases
- (4) ☒ Corporate rating services (8) ☒ Other (explain on Schedule F)

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

- (1) ☒ Long term purchases (securities held at least a year) (5) ☒ Margin transactions
- (2) ☒ Short term purchases (securities sold within a year) (6) ☒ Option writing, including covered options, uncovered options, or spreading strategies
- (3) ☒ Trading (securities sold within 30 days) (7) ☐ Other (explain on Schedule F)
- (4) ☒ Short sales

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

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 | • formal education after high school |
| • year of birth | • 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 type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input 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 type="checkbox"/> (6) banking or thrift institution | <input checked="" 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 customer.
- ☒ 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 for which Mastrapasqua Asset Management, Inc., ("MAM") is providing investment supervisory services will be reviewed frequently by a qualified investment professional, which initially will be one of MAM's officers or administrators. Investment advisory accounts will be reviewed frequently by MAM's officers or administrators. Accounts will be reviewed taking into consideration the particular risk profile for the account, the composition of the account, and current investment and economic conditions. For the foreseeable future, MAM does not anticipate having more accounts than can be adequately reviewed by its officers or equally competent administrators. All 253 accounts are reviewed at least quarterly by the portfolio managers and administrators.

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

Clients having accounts with Applicant will receive reports quarterly from Applicant. Reports for investment supervisory accounts will contain a complete statement of all investment activity in the account and all expenses paid out of the 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 ☒ No ☐

(2) amount of the securities to be bought or sold? Yes ☒ No ☐

(3) broker or dealer to be used? Yes ☒ No ☐

(4) commission rates paid? Yes ☒ No ☐

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 products, 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).

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110																						
Item of Form (identify)	Answer																							
	<p>(1) Investment Supervisory Services</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") will have investment authority over the account.</p> <p>Services will include: (1) analyzing the risk characteristics of each client and constructing a portfolio for each client's account within the context of this risk profile; (2) assessing the asset allocation that appears appropriate for the current market cycle for each such account. Each account will be reviewed frequently and adjustments made in the account as deemed necessary by the investment advisor.</p> <p>Fees for Investment Supervisory Accounts (Fee Schedule)</p> <p>...Annual fee for equity accounts is:</p> <table><tr><td>1.00% on the first</td><td>\$ 2,000,000</td></tr><tr><td>0.90%</td><td>\$ 2,000,001 - \$10,000,000</td></tr><tr><td>0.80%</td><td>\$10,000,001 - \$25,000,000</td></tr><tr><td>0.70% OVER</td><td>\$25,000,000</td></tr></table> <p>...Annual fee for balanced and core plus accounts is:</p> <table><tr><td>0.75% on the first</td><td>\$ 2,000,000</td></tr><tr><td>0.65%</td><td>\$ 2,000,001 - \$10,000,000</td></tr><tr><td>0.60%</td><td>\$10,000,001 - \$25,000,000</td></tr><tr><td>0.55% OVER</td><td>\$25,000,000</td></tr></table> <p>Minimum annual fee \$10,000</p> <p>...Annual fee for fixed income portfolios is:</p> <table><tr><td>0.50% on the first</td><td>\$20,000,000</td></tr><tr><td>0.35% on the next</td><td>\$25,000,000</td></tr><tr><td>0.25% over</td><td>\$45,000,000</td></tr></table> <p>Minimum annual fee (negotiable) \$10,000</p> <p>...Fees are billed quarterly in advance and are all-inclusive except for the costs of executing transactions, and are paid by the custodian to the Investment Advisor from the assets of the account.</p> <p>(2) Nondiscretionary Investment Advisory Accounts</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") will not have investment authority over the account. Services will include: (1) analyzing the risk characteristics of each client and constructing a portfolio for each client's account within the context of this risk profile; (2) assessing the asset allocation that appears appropriate for the current market cycle for each such account. Recommendations will be reviewed frequently for each such account.</p>		1.00% on the first	\$ 2,000,000	0.90%	\$ 2,000,001 - \$10,000,000	0.80%	\$10,000,001 - \$25,000,000	0.70% OVER	\$25,000,000	0.75% on the first	\$ 2,000,000	0.65%	\$ 2,000,001 - \$10,000,000	0.60%	\$10,000,001 - \$25,000,000	0.55% OVER	\$25,000,000	0.50% on the first	\$20,000,000	0.35% on the next	\$25,000,000	0.25% over	\$45,000,000
1.00% on the first	\$ 2,000,000																							
0.90%	\$ 2,000,001 - \$10,000,000																							
0.80%	\$10,000,001 - \$25,000,000																							
0.70% OVER	\$25,000,000																							
0.75% on the first	\$ 2,000,000																							
0.65%	\$ 2,000,001 - \$10,000,000																							
0.60%	\$10,000,001 - \$25,000,000																							
0.55% OVER	\$25,000,000																							
0.50% on the first	\$20,000,000																							
0.35% on the next	\$25,000,000																							
0.25% over	\$45,000,000																							

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110
Item of Form (identify)	Answer	
	<p>Fees will be payable on a quarterly basis. A client may terminate an investment advisory contract by written notice. If terminated during a quarter, the client will receive a prorated refund of the quarterly fee based on the number of weeks remaining in the quarter. Refunds will be paid within 30 days of the receipt of the notice of termination.</p> <p>Fees for Nondiscretionary Investment Advisory Accounts</p> <p>....Minimum annual fee \$5,000 payable quarterly in advance.</p> <p>If requested by significant relationships, fees are negotiable. These minimum annual fees can be waived at the discretion of the investment manager.</p> <p>....Fees are billed quarterly in advance and are all-inclusive except for the costs of executing transactions.</p> <p>(4) Periodicals about securities</p> <p>Mastrapasqua Asset Management maintains a subscription based mailing list at no charge through its web site: www.mastrapasqua.com or www.virtualmoneymanager.com. Subscribers have access to three types of reports that are published on an ongoing basis:</p> <p>A) "Capital Market Comment," written by Frank Mastrapasqua, Ph.D., regarding the state of the financial markets.</p> <p>B) "Focus Report," written by our analysts, about a specific company, sector, or relevant topic of current interest.</p> <p>C) "Perspective," written by Mauro Mastrapasqua, in an attempt to step back and lend context to the financial markets and the economy.</p> <p>Proprietary asset allocation models and selection techniques.</p> <p>Computer databases, models and financial software, company contacts.</p> <p>A college education plus experience in the investment advisory or brokerage industry.</p> <p>Name: Frank Mastrapasqua, Ph.D. Position: Senior Portfolio Manager Number of Years with Firm: Since 1993 Total years in investment management: Since 1971 Employment history: – Senior Portfolio Manager: Mastrapasqua Asset Management, Nashville, TN – Partner, Director of Research & Chief Investment Strategist: J.C. Bradford & Co., Nashville, TN – Senior Vice President, Chief Economist & Director of Fixed Income Research: Smith Barney, Harris, Upham, New York, NY – Chief Economist & Portfolio Strategist: L.F. Rothschild, Unterberg, Towbin, New York, NY – Chief Economist: Faulkner, Dawkins & Sullivan, New York, NY</p>	

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110
Item of Form (identify)	Answer	
	<div><div><div><div>– Chief Economist: American General Capital Management, Houston, TX</div><div>– Chairman & Professor of Finance: University of Houston, Houston, TX</div><div>– Adjunct Professor of Economics and Finance: New York University Graduate School of Business, New York, NY</div></div><div><div>Education: – Ph.D., Finance and Economics, New York University Graduate School of Business</div><div>– M.B.A., Economics, New York University Graduate School of Business</div><div>– B.S., Mathematics, Fairfield University</div></div><div><div>Name: Mauro Mastrapasqua</div><div>Position: COO & Associate Portfolio Manager</div><div>Number of Years with Firm: Since 1998</div><div>Total years in investment management: Since 1998</div><div>Employment history: – Chief Operating Officer and Associate Portfolio Manager: Mastrapasqua Asset Management, Nashville, TN</div><div>– Director: Orr Associates, Inc., Washington, DC</div><div>Education: – M.B.A., Vanderbilt University’s Owen Graduate School of Management</div><div>– A.B., Duke University</div></div><div><div>Name: Miles Kirkland, CFA</div><div>Position: Senior Research Analyst & Associate Portfolio Manager</div><div>Number of Years with Firm: Since 2000</div><div>Total years in investment management: Since 1999</div><div>Employment history: – Senior Research Analyst & Associate Portfolio Manager: Mastrapasqua Asset Management, Nashville, TN</div><div>– Store Manager and City Manager: Kirkland’s, Inc., Nashville, TN</div></div><div><div>Education: – M.B.A., Vanderbilt University’s Owen Graduate School of Management</div><div>– B.A., University of the South</div><div>Credentials & Licenses: Miles Kirkland is a CFA charterholder.</div></div><div><div>Name: Patrick Snell, CFA</div></div></div></div>	

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110
Item of Form (identify)	Answer	
	<p>Position: Senior Research Analyst & Associate Portfolio Manager Number of Years with Firm: Since 2007 Total years in investment management: Since 1989 Employment history: – Senior Research Analyst & Associate Portfolio Manager: Mastrapasqua Asset Management, Nashville, TN – Managing Director, Director of Equity Research: Avondale Partners, Nashville, TN – Director, Senior Equity Research Analyst: Robert W. Baird. & Co., Nashville, TN – Senior Equity Research Analyst: Robertson, Stephens & Co., San Francisco, CA – Partner, Senior Equity Research Analyst: J.C. Bradford & Co., Nashville, TN</p> <p>Education: – M.B.A., Vanderbilt University’s Owen Graduate School of Management – B.S., Vanderbilt University Credentials & Licenses: Patrick Snell is a CFA charterholder.</p> <p>Mastrapasqua Asset Management Inc. is an investment advisor to Aspen Ridge Hedge Funds.</p> <p>Aspen Ride hedge fund standard fee schedule is 1% annual management fee paid monthly and a 20% performance fee paid at year end. The 20% performance fee is on profits above the high water mark.</p> <p>Client understands and agrees that (a) Mastrapasqua Asset Management ("MAM") will manage accounts and perform investment advisory services for others; (b) depending upon investment objectives and cash availability, MAM may sell or recommend the sale of a particular security for certain accounts and buy or recommend the purchase of such security for other accounts, and accordingly, transactions in particular accounts may not be consistent with transactions in other accounts or with MAM's investment recommendations; (c) where there is a limited supply of a security, MAM cannot assure absolute equality among all accounts and clients; and (d) MAM and/or its officers and/or its employees may from time to time have an interest, direct or indirect, in a security which is purchased, sold or otherwise traded for the Account(s), and MAM may effect transactions in said security for the Account(s) which may be the same as or different from the action which MAM and/or such other persons may take with respect thereto for its or their accounts.</p> <p>Mastrapasqua Asset Management has a Code of Ethics, which includes Anti-Money Laundering and Insider Trading Policy and Procedures, that is administered by an internal compliance staff person. All employees are required to be familiar with the Code, follow approved trading procedures and in no way transact business that is inconsistent with our clients best interest. All personal trading activities of the employees, officers, and directors of Mastrapasqua Asset Management are conducted with the highest regard for these general principles in order to avoid</p>	

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110
Item of Form (identify)	Answer	
	<p>any possible conflict of interest, any appearance of a conflict, or activities that could lead to disciplinary action. This includes executing transactions through or for the benefit of a third party when the transaction is not in keeping with the general principles of MAM's Code. A copy of MAM's Code of Ethics is available upon request. You may email your request to info@mastrapasqua.com or call 615-244-8400.</p> <p>All personal securities transactions must comply with Mastrapasqua's Code of Ethics, Insider Trading Policy and Procedures and the Securities and Exchange Commission's Rule 17J-1. For these purposes, all applicable employee or related person securities transactions must be pre-cleared and approved by the senior portfolio manager prior to execution for accounts held either at MAM or any other broker-dealer. Additional procedures are in place to enforce MAM's employees', officers' and directors' fiduciary duty and ethical obligations to its clients.</p> <p>Investment Supervisory Services -- a minimum annual fee \$10,000, payable quarterly in advance. See fee schedule set forth on Schedule F in response to Part II, p. 2, Item 1D.</p> <p>Nondiscretionary Investment Advisory Accounts -- a minimum annual fee of \$5,000 payable quarterly in advance. See the fee schedule set forth on Schedule F in response to Part II, p. 2, Item 1D. These minimum annual fees can be waived at the discretion of the investment manager.</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") will have authority to make investment decisions, to buy and sell securities and to select broker/dealers to execute trades for those accounts for which it will provide Investment Supervisory Services pursuant to an Investment Management Agreement to be entered into between MAM and the client. MAM's selection of broker/dealers is based in part on research and other relevant services provided by broker/dealers. MAM effects transactions with those broker/dealers whom the MAM believes will provide the most favorable prices and are capable of providing efficient executions. MAM may not receive best execution on client directed trades where the client, rather than MAM, establishes the arrangement with the broker/dealer and then requests that MAM place the client's trades through the designated broker/dealer. Clients might pay higher commissions to directed brokerage accounts than to non-directed brokerage accounts. Clients may expect to pay higher commissions to a broker/dealer providing research products and services including through soft dollar arrangements, than to a discount broker/dealer or one who does not provide research reports or other relevant services, thus establishing a potential conflict of interest.</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") does have soft dollar arrangements with several broker/dealers whereby these broker/dealers pay for certain research services in exchange for MAM directing commission business to these broker/dealers. Mastrapasqua Asset Management's soft dollar brokers are Goldman Sachs, Kellogg Partners, Pulse Trading, and William O'Neil. Soft dollars are used to purchase the following research services which are 100% bona fide research (this list is an attempt to include all research services paid by soft dollars at the time of filing of this ADV, but MAM may add/delete services or change soft-dollar brokers between ADV filings):</p> <p>Trading through Goldman Sachs provides Mastrapasqua Asset Management with FactSet. FactSet is a comprehensive resource for investment professionals. The service aggregates financial information for stocks and indices, providing charting abilities, financial statement analysis, and screening techniques.</p> <p>Commission credits generated through Kellogg Partners and Pulse Trading provide Mastrapasqua Asset Management with a variety of products and services which include</p>	

(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: Mastrapasqua Asset Management, Inc.		IRS Empl. Ident. No.: 62-1519110
Item of Form (identify)	Answer	
	<p>the Bloomberg service, StockVal and Street Account. Bloomberg provides real time market data ranging from real time quotes to breaking news. StockVal is an aggregator of Wall Street analyst's expectations, ranging from earnings per share to revenues. Street Account provides breaking news and possible rumors on equities. Value Line provides equity valuations. TheMarkets.com provides a conduit for brokerage research with our earnings calendar. 13D Research is a weekly newsletter focusing on long-term investment themes. William O'Neil provides Mastrapasqua Asset Management with Wonda. Wonda is a research tool that allows us to perform advanced fundamental and technical analysis on specific securities and evaluate industries that have displayed the best market behavior over any given time frame.</p> <p>In addition, MAM has agreements with suppliers such as Advent, Moxy, where there is less than 100% research component, ranging from 60% to 80%. Advent's 80% and Moxy's 60% research portions are used for asset allocation, portfolio analysis and monitoring.</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") will not have such authority for its Nondiscretionary Investment Advisory Accounts as it will only be making recommendations, the implementation of which will not be vested with MAM.</p> <p>Aggregation</p> <p>The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an adviser, its employees or principals ("proprietary accounts") are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts.</p> <p>Block Trading. Block trading is permitted where the following conditions are met:</p> <ol style="list-style-type: none">1. All clients must receive equal treatment;2. Written disclosure must be made to clients of the Company's aggregation policies;3. The aggregation policy must include partial fills;4. Exceptions to the aggregation policies must be listed;5. Record-keeping must reflect aggregation;6. Client funds cannot be held any longer than is necessary to settle a transaction; and,7. The Company may not receive any additional compensation. <p>Allocation</p> <p>As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. MAM's policy prohibits any allocation of trades in a manner that MAM's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. Trading rotation groups are non-directed and directed. The directed group will always trade last.</p> <p>MAM utilizes an established model for allocating securities, and/or recommendations among clients. This model provides a fair and equitable basis for allocations and is consistently applied to all clients. Prior to the allocation of securities by the Adviser, the Adviser will determine if a Client's investment objectives and suitability requirements qualify the Client for participation in</p>	

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	<p>purchasing a specific security. If the Client qualifies for participation in the purchase of a specific security, the Adviser will allocate a certain percentage of the total allocation to each qualified Client based upon the following formula:</p> <p>Allocation Formula - The formula is based upon dividing the total shares allocated to the Adviser by the total number of qualified Client's and their assets under management. For example, if the total allocation to the Adviser is 1,000,000 shares and the Adviser has ten (10) Clients that qualify for a percentage of the allocation and each Client has a total of \$1,000,000 under management with the Adviser, each Client will receive an allocation of 100,000 shares.</p> <p>Partial Fills – Partial Fills are handled with two different methods that are determined by the portfolio managers and carried out by the traders. The two different methods are random and prorata, which are executed by our trading software. It is anticipated that in the event of partial fills, all trades will be allocated at once. If unable to complete on a given day, the remaining will be allocated pro-rata or random.</p> <p>As a rule, Mastrapasqua Asset Management does not purchase IPOs as part of its investment style.</p> <p>Solicitors are paid a percentage based on assets under management as a referral commission. Mastrapasqua Asset Management may from time to time have agreements with unaffiliated entities.</p>	

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	<p style="text-align: center;">Mastrapasqua Asset Management, Inc. Privacy Notice</p> <p>Mastrapasqua Asset Management ("MAM") maintains the highest standards of confidentiality and respects the privacy of our client relationships. This Privacy Notice is being provided in accordance with Title V of the Gramm-Leach-Bliley Act of 1999 and its implementing regulations.</p> <p><u>Recognition of a Customer's Expectation of Privacy.</u> The confidentiality and protection of customer information is one of our fundamental responsibilities. Thus, the safekeeping of customer information is a priority for Mastrapasqua Asset Management.</p> <p><u>The Use, Collection, and Retention of Customer Information.</u></p> <p>MAM may collect the following types of 'non-public personal information' about you:</p> <ul style="list-style-type: none">*Information about your identity, such as your name, address and social security number;*Information about your transactions with us;*Information we receive from you on account applications, such as your beneficiaries or income. <p>The use, collection, and retention of all 'non-public personal information' are limited to what is necessary to conduct our business and provide quality service, such as that described in the examples above.</p> <p><u>Maintenance of Accurate Information.</u> Procedures are in place to maintain the accuracy of customer information and to keep such information current and complete. These procedures include responding to requests to correct inaccurate information in a timely manner.</p> <p><u>Limiting Employee Access to Information.</u> Employee access to customer information is limited to those with a business reason to know such information. Employees are instructed on the importance of maintaining the confidentiality of customer information.</p> <p><u>Restrictions on the Disclosure of Customer Information.</u> Mastrapasqua Asset Management does not disclose or share any non-public personal information to anyone, except as required by law. Information is only disclosed to nonaffiliated third parties in circumstances such as maintaining or servicing a customer's account, or complying with federal, state, or local laws.¹ For example, we may disclose non-public personal information about you to third parties to assist us in servicing your account with us (i.e., mailing of fund related materials) and to government entities (e.g., IRS for tax purposes). MAM maintains physical, electronic, and procedural safeguards that are designed to comply with federal standards to guard your information. We will continue to adhere to the privacy policies and practices described in this notice even after your account is closed or becomes inactive.</p> <p>1 in accordance with an exception under sections 248.14 or 248.15 (Regulation S-P)</p> <p>1 in accordance with an exception under sections 248.14 or 248.15 (Regulation S-P)</p>	

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	<p align="center">Proxy Voting Procedures, Guidelines and Policies</p> <p>Mastrapasqua Asset Management, Inc. ("MAM" or "the Firm") standard investment management agreement expressly authorizes the Firm to vote proxies on behalf of the Client's account. Therefore, unless the Client expressly reserves proxy voting responsibility, it is the Firm's responsibility to vote proxies relating to securities held for the Client's account.</p> <p>ERISA Accounts. Unless proxy voting responsibility has been expressly reserved and is being exercised by another "named fiduciary" for an ERISA plan client, the Firm, as the investment adviser for the account, must vote all proxies relating to securities held for the plan's account. The Firm shall make appropriate arrangements with each account custodian to have proxies forwarded, on a timely basis, to the Client or other appropriate person, and shall endeavor to correct any delays or other problems relating to timely delivery of proxies and proxy materials.</p> <p>Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the Client's investment. Proxy voting decisions must be made solely in the best interests of the Client. In voting proxies, the Firm exercises its voting responsibilities as a fiduciary, with the goal of maximizing the value of its Clients' investments. Clients are offered a copy of MAM's proxy voting guidelines on an annual basis. In addition, a copy of these guidelines and policies are included in the Firm's ADV Part II, Schedule F.</p> <p>For proxy voting purposes, the following guidelines should be followed:</p> <p>1. The Compliance Officer or the assigned Operations employee wil request a recommendation from the Research Department. The security analyst(s) will discuss with the Portfolio Manager(s) and will obtain approval prior to the cut-off date. His/her recommendation will be documented and signed by the Portfolio Manager. The Compliance Officer or the assigned Operations employee will vote according to the recommendations submitted in this form. A copy of these recommendations will be filed for further reference. Since none of the proxies includes the client's name, only the custodian account number, in order to comply with ERISA and AFL-CIO guidelines, the Portfolio Manager will approve the vote according to ERISA guidelines (DOL Interpretive Bulleting 94-2) or AFL-CIO guidelines available at the AFL Web site.</p> <p>2. Clients may receive a copy of the Firm's voting record for their account by request.</p> <p>3. Recordkeeping. In accordance with the recordkeeping rules, the Firm will retain:</p> <p>(i) Copies of its proxy voting policies and procedures.</p> <p>(ii) A record of each vote cast on behalf of a client</p> <p>(iii) A copy of any document created that was material to the voting decision or that memorializes the basis for that decision.</p> <p>(iv) A copy of each written Client request for proxy voting information and a copy of any written response by the Firm to any Client request for proxy voting information for the Client's account.</p> <p>The Firm will maintain these materials in an easily accessible place for not less than five years from the end of the fiscal year during which the last entry took place, the first two years in the Firm's principal office.</p> <p>4. When voting for wrap programs, if ERISA information is not available, proxies will be voted as ERISA to avoid breach of fiduciary duty.</p> <p>Direction from a Client on a particular proxy vote will take precedence over the guidelines. Where the Client has provided proxy voting guidelines to the Firm, those guidelines will be followed, unless it is determined that a different vote would add more value to the Client's holding of the security in question. A written explanation of the rationale for the deviation from the Client's proxy voting guidelines will be maintained.</p> <p>Should a material conflict arise between the Firm's interest and that of its clients (i.e. the Firm owns shares in a Client, the Firm manage a pension plan for a company whose management is soliciting proxies, or a Firm employee has a relative involved in Management at an investee company), the Firm will notify the</p>	

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	<p>client in order that the client can engage another party to determine how the conflicted proxy should be voted.</p> <p>The Firm may refrain from voting the proxy if the cost of voting the proxy exceeds the expected benefit to the Client, for example in the case of voting a foreign security when the proxy must be translated into English or the vote must be cast in person.</p> <p style="text-align: center;">Proxy Voting Policies</p> <p>Mastrapasqua Asset Management has adopted the following guidelines for proxy voting, which comply with all the fiduciary standards delineated by the U.S. Department of Labor.</p> <p>Mastrapasqua shall analyze each proxy on a CASE-BY-CASE basis, informed by the guidelines elaborated below, subject to the requirement that all votes shall be cast solely in the interest of the participants and beneficiaries of the plans. Mastrapasqua does not intend for these guidelines to be exhaustive; hundreds of issues appear on proxy ballots and it is neither practical nor productive to fashion a guideline for each. Rather, Mastrapasqua's guidelines are intended to cover the most significant and frequent proxy issues that arise. Issues not covered by the guidelines shall be voted in the interest of the participants and beneficiaries of the plan. Mastrapasqua shall revise its guidelines as events warrant.</p> <p>Board of Directors Electing directors is the single most important stock ownership right that shareholders can exercise. By electing directors who share their views, shareholders can help to define performance standards against which management can be held accountable.According to the Report of the National Association of Corporate Directors' Blue Ribbon Commission on Director Professionalism (1996): "The accepted governance paradigm is simple: management is accountable to the board and the board is accountable to shareholders.... In the view of the Commission, the board does more than mechanically link those who manage the corporation and those who own it. Rather, as a surrogate for dispersed ownership, the board is at the very center of corporate governance itself..." Mastrapasqua holds directors to a high standard when voting on their election, qualifications, and compensation. Mastrapasqua will evaluate directors fairly and objectively, rewarding them for significant contributions and holding them ultimately accountable to shareholders for corporate performance. Institutional investors should use their voting rights in uncontested elections to influence financial performance and corporate strategies for achieving long term shareholder value.</p> <p>Voting on Director Nominees in Uncontested ElectionsVotes concerning the entire board of directors are examined using the following five factors: • Poor long-term corporate performance record relative to its peer index and S&P 500; • Lack of majority of independent directors or independence of the full board and key board committees (full independent audit, compensation, and nominating committees); • Diversity of board;• Executive compensation related (excessive salaries/bonuses/pensions, history of repricing underwater stock options, imprudent use of company resources, misallocation of corporate assets, etc.); and • Failure of the board to properly respond to majority votes on shareholder proposals.</p> <p>Votes on individual director nominees are made on a CASE-BY-CASE basis. Votes on individual directors are examined using the following seven factors: • Attendance of director nominees at board meetings of less than 75 percent in one year without valid reason or explanation;• Lack of independence on key board committees (i.e. audit, compensation, and nominating committees); • Failure to establish any key board committees (i.e. audit, compensation, and nominating); • Directors serving on an excessive number of other boards which could compromise their duties of care and loyalty;• Chapter 7 bankruptcy, SEC violations, and criminal investigations;• Interlocking directorships; and• Performance of individual directors related to executive compensation matters.</p> <p>Voting for Director Nominees in Contested Elections Contested elections of directors frequently occur when a board candidate or "dissident slate" seeks election for the purpose of achieving a significant change in corporate policy or control of seats on the board. Competing slates will be evaluated on a CASE-BY-CASE basis with a number of considerations in mind. These include, but are not limited to, the following: personal qualifications of each candidate; the economic impact of the policies advanced by the dissident slate of nominees; and their expressed and demonstrated commitment to the interests of the shareholders of the company. Votes in a contested election of directors are evaluated on a CASE-BY-CASE basis with the</p>	

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	<p>following seven factors in consideration: • Long-term financial performance of the target company relative to its industry; • Management's historical track record; • Background to the proxy contest; • Qualifications of director nominees (both slates); • Evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals in these proposals are realistic, achievable, demonstrable and viable under the current conditions by which the company operates; • Equity ownership positions; and • Total impact on all stakeholders.</p> <p>CEO Serving as Chairman We evaluate investor proposals for bylaws that require that two different people hold a company's Chairman of the Board and Chief Executive offices on a CASE-BY-CASE basis.</p> <p>Independent Directors Mastrapasqua believes that a board independent from management is of vital importance to a company and its shareholders. Accordingly, Mastrapasqua will cast votes in a manner that shall encourage the independence of boards. Independence will be evaluated based upon a number of factors, including: employment by the company or an affiliate in an executive capacity within the last five years; past or current employment by a firm that is one of the company's paid advisors or consultants; personal services contract with the company; family relationships of an executive or director of the company; interlocks with other companies on which the company's chairman or chief executive officer is also a board member; and service with a non-profit that receives significant contributions from the company. • Generally support shareholder proposals that request that the board be comprised of a majority of independent directors; • Vote FOR shareholder proposals that request that the key board committees (i.e. audit, compensation and/or nominating) include independent directors exclusively; and • Vote AGAINST boards with a majority insider board composition.</p> <p>Stock Ownership Requirements Corporate directors should own some amount of stock of the companies on which they serve as board members. Stock ownership is a simple method to align the interests of directors with company shareholders. Nevertheless, many highly qualified individuals such as academics and clergy who can offer valuable perspectives in boardrooms may be unable to purchase individual shares of stock. In such a circumstance, the preferred solution is to look at the board nominees individually and take stock ownership into consideration when voting on the merits of each candidate.</p> <ul style="list-style-type: none">• Vote AGAINST shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director nominee or to remain on the board. <p>Board Structure The ability to elect directors is the single most important use of the shareholder franchise, and all directors should be accountable on an annual basis. Annually elected boards provide the best governance system for accountability to shareholders. A classified board is a board that is divided into separate classes, with directors serving overlapping terms. A company with a classified board usually divides the board into three classes. Under this system, only one class of nominees comes up to shareholder vote at the AGM each year. As a consequence of these staggered terms, shareholders only have the opportunity to vote on a single director approximately once every three years. A classified board makes it difficult to change control of the board through a proxy contest since it would normally take two years to gain control of a majority of board seats. Under a classified board, the possibility of management entrenchment greatly increases. Many in management believe that staggered boards provide continuity. Some shareholders believe that in certain cases a staggered board can provide consistency and continuity in regard to decision-making and commitment that may be important to the long-term financial future of the company. Nevertheless, empirical evidence suggests that staggered boards may not in all cases be in the shareholders best interests. A classified board can entrench management and effectively preclude most takeover bids or proxy contests.</p> <ul style="list-style-type: none">• Generally vote AGAINST classified boards when the issue comes up for vote. <p>Limit Term of Office Those who support term limits argue that this requirement would bring new ideas and approaches on to a board. Here again we prefer to look at directors as individuals rather than impose a strict rule. • Generally vote AGAINST shareholder proposals to limit the tenure of outside directors.</p> <p>Cumulative Voting Most corporations provide that shareholders are entitled to cast one vote for each share owned. Under a cumulative voting scheme the shareholder is permitted to have one vote per share for each director to be elected. Shareholders are permitted to apportion those votes in any manner they wish among the director candidates. Shareholders have the opportunity to</p>	

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	<p>elect a minority representative to a board through cumulative voting, thereby ensuring representation for all sizes of shareholders. For example, if there is a company with a ten-member board and 500 shares outstanding—the total number of votes that may be cast is 5,000. In this case a shareholder with 51 shares (10.2 percent of the outstanding shares) would be guaranteed one board seat because all votes may be cast for one candidate. Without cumulative voting, anyone controlling 51 percent of shares would control the election of all ten directors. While the idea of putting one's own representative on a board solves a lot of problems in theory, the cumulative voting structure leaves a lot of opportunity for abuse by individuals or groups with specific agendas that don't apply to the company's basic mission to create shareholder value. • Vote FOR proposals to eliminate cumulative voting. • Vote AGAINST proposals to permit cumulative voting.</p> <p>Director and Officer Indemnification and Liability Protection Management proposals typically seek shareholder approval to adopt an amendment to the company's charter to eliminate or limit the personal liability of directors to the company and its shareholders for monetary damages for any breach of fiduciary duty to the fullest extent permitted by state law. In contrast, shareholder proposals seek to provide for personal monetary liability for fiduciary breaches arising from gross negligence. While Mastrapasqua recognizes that a company may have a more difficult time attracting and retaining directors if they are subject to personal monetary liability, Mastrapasqua believes the great responsibility and authority of directors justifies holding them accountable for their actions. Each proposal addressing director liability will be evaluated consistent with this philosophy. Mastrapasqua may support these proposals when the company persuasively argues that such action is necessary to attract and retain directors, but Mastrapasqua may often oppose management proposals and support shareholder proposals in light of our philosophy of promoting director accountability. • Vote AGAINST proposals to limit or eliminate entirely director and officer liability in regards to: (i) breach of the director's fiduciary "duty of loyalty" to shareholders; (ii) acts or omissions not made in "good faith" or involving intentional misconduct or knowledge of violations under the law; (iii) acts involving the unlawful purchases or redemptions of stock; (iv) payment of unlawful dividends; or (v) use of the position as director for receipt of improper personal benefits.</p> <p>Indemnification Indemnification is the payment by a company of the expenses of directors who become involved in litigation as a result of their service to a company. Proposals to indemnify a company's directors differ from those to eliminate or reduce their liability because with indemnification directors may still be liable for an act or omission, but the company will bear the expense. Mastrapasqua may support these proposals when the company persuasively argues that such action is necessary to attract and retain directors, but will generally oppose indemnification when it is being proposed to insulate directors from actions they have already taken. • Vote AGAINST indemnification proposals that would expand individual coverage beyond ordinary legal expenses to also cover specific acts of negligence that exceed the standard of mere carelessness that is regularly covered in board fiduciary indemnification. • Vote FOR only those proposals which provide expanded coverage in cases when a director's or officer's legal defense was unsuccessful if: (1) the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company; and (2) only if the director's legal expenses would be covered.</p> <p>Proxy Contest Defenses</p> <p>Poison Pills Shareholder rights plans, typically known as poison pills, take the form of rights or warrants issued to shareholders and are triggered when a potential acquiring stockholder reaches a certain threshold of ownership. When triggered, poison pills generally allow shareholders to purchase shares from, or sell shares back to, the target company ("flip-in pill") and/or the potential acquirer ("flip-out pill") at a price far out of line with fair market value. Depending on the type of pill, the triggering event can either transfer wealth from the target company or dilute the equity holdings of current shareholders. Poison pills insulate management from the threat of a change in control and provide the target board with veto power over takeover bids. Because poison pills greatly alter the balance of power between shareholders and management, shareholders should be allowed to make their own evaluation of such plans. • Vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification. • Review, on a CASE-BY-CASE basis, shareholder proposals to redeem a company's poison pill. • Review, on a CASE-BY-CASE basis, management proposals to ratify a poison pill. • Votes should be WITHHELD from any board where a dead-hand poison pill provision is in place. From a shareholder perspective, there is no justification for a dead-hand provision. Directors of companies with these lethal protective devices should be held accountable.</p> <p>Greenmail Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. Since only the hostile party receives payment, usually at a substantial premium over the market value of shares, the practice discriminates against most shareholders. This transferred cash, absent the greenmail payment, could be put to much better use for reinvestment in the company, payment of dividends, or to fund a public share repurchase program. • Vote FOR proposals to adopt an anti-greenmail provision in their charter or bylaws that would thereby restrict a company's ability to make</p>	

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	<p>greenmail payments to certain shareholders. • Review on a CASE-BY-CASE basis all anti-greenmail proposals when they are presented as bundled items with other charter or bylaw amendments.</p> <p>Shareholder Ability to Remove Directors Shareholder ability to remove directors, with or without cause, is either prescribed by a state's business corporation law, individual company's articles of incorporation, or its corporate bylaws. Many companies have sought shareholder approval for charter or bylaw amendments that would prohibit the removal of directors except for cause, thus ensuring that directors would retain their directorship for their full-term unless found guilty of self-dealing. By requiring cause to be demonstrated through due process, management insulates the directors from removal even if a director has been performing poorly, not attending meetings, or not acting in the best interests of shareholders. • Vote AGAINST proposals that provide that directors may be removed only for cause. • Vote FOR proposals which seek to restore the authority of shareholders to remove directors with or without cause. • Vote AGAINST proposals that provide only continuing directors may elect replacements to fill board vacancies. • Vote FOR proposals that permit shareholders to elect directors to fill board vacancies.</p> <p>Shareholder Ability to Alter the Size of the Board Companies often use proposals that would allow management to increase or decrease the size of the board at its own discretion as a takeover defense. Mastrapasqua supports management proposals to maximize the number of independent directors, provided management seeks shareholder approval. By increasing or decreasing the size of the board, management can make it more difficult for dissidents to gain control of the board. • Review on a CASE-BY-CASE basis all proposals that seek to alter the size and constitution of the Board of Directors. Generally vote FOR proposals that require shareholder approval prior to changing board size.</p> <p>Auditors Ratifying Auditors Ratifying auditors is no longer a routine procedure. Accounting scandals at companies such as Enron, Waste Management, and Sunbeam illuminate the need to ensure auditor independence in the face of selling consulting services to audit clients. At the Big Five accounting firms, revenues from non-audit services has grown from 13% of total revenues in 1981 to half of total revenue in 2000. Auditors are the backbone upon which a company's financial health is measured, and auditor independence is essential for rendering objective opinions, upon which investors then rely. When an auditor is paid more in consulting fees than for auditing, the company/auditor relationship is left open to conflicts of interest. Because accounting scandals evaporate shareholder value, any proposal to ratify auditors is examined on a CASE-BY-CASE basis, with particular attention to past performance and the fees paid to the auditor.</p> <p>Acquisitions and Mergers Votes on mergers and acquisitions are considered on a CASE-BY-CASE basis, taking into account at least the following: • Impact of the merger on shareholder value; • Anticipated financial and operating benefits realizable through combined synergies; • Offer price (cost vs. premium). • Financial viability of the combined companies as a single entity; • Was the deal put together in good faith? Were negotiations carried out at arm's length? Was any portion of the process tainted by possible conflicts of interest? • Fairness opinion (or lack thereof); • Changes in corporate governance and their impact on shareholder rights; and • Impact on community stakeholders and employees in both workforces.</p> <p>Fair Price Provisions Fair price provisions were originally designed to specifically defend against the most coercive of takeover devises—the two-tiered, front-end loaded tender offer. In such a hostile takeover, the bidder offers cash for enough shares to gain control of the target. At the same time, the acquirer states that once control has been obtained, the target's remaining shares will be purchased with cash, cash and securities, or only securities. Since the payment offered for the remaining stock is, by design, less valuable than the original offer for the controlling shares, shareholders are forced to sell out early to maximize the value of their shares. Standard fair price provisions require that—absent of board or shareholder approval of the acquisition—the bidder must pay the remaining shareholders the same price for their shares that brought control. • Vote FOR fair price proposals as long as the shareholder vote requirement embedded in the provision is no more than a majority of disinterested shares. • Vote FOR shareholder proposals to lower the shareholder vote requirement in existing fair price provisions.</p> <p>Corporate Restructuring Votes concerning corporate restructuring proposals, including minority squeeze outs, leveraged buyouts, spin-offs, liquidations, and asset sales, are considered on a CASE-BY-CASE basis.</p> <p>Appraisal Rights Rights of appraisal provide shareholders who do not approve of the terms of certain corporate transactions the right to demand a judicial review in order to determine the fair value for their shares. The right of appraisal applies to mergers, sale of corporate assets, and charter amendments that may have a materially adverse effect on the rights of dissenting shareholders. These proposals will be considered on a CASE-BY-CASE basis.</p>	

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	<p>Spin-offs Votes on spin-offs are considered on a CASE-BY-CASE basis depending on the tax and regulatory advantages, planned use of sale proceeds, market focus, and managerial incentives.</p> <p>Asset Sales Votes on asset sales are made on a CASE-BY-CASE basis after considering the impact on the balance sheet/working capital, value received for the asset, and potential elimination of diseconomies.Liquidations/Votes on liquidations are made on a CASE-BY-CASE basis after reviewing management's efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.</p> <p>Changing Corporate Name Vote FOR changing the corporate name in all instances if proposed and supported by management.</p> <p>Shareholder Rights</p> <p>Confidential VotingThe confidential ballot ensures that voters are not subject to real or perceived coercion. In an open voting system, management can determine who has voted against its nominees or proposals before a final vote count. As a result, shareholders can be pressured to vote with management at companies with which they maintain or would like to establish a business relationship. • Vote FOR shareholder proposals that request corporations to adopt confidential voting, use independent tabulators, and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: in the case of a contested election, management is permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived. • Vote FOR management proposals to adopt confidential voting procedures.</p> <p>Shareholder Ability to Call Special Meetings Most state corporation statutes allow shareholders to call a special meeting when they want to take action on certain matters that arise between regularly scheduled annual meetings. Sometimes this right applies only if a shareholder or a group of shareholders own a specified percentage of shares, with ten percent being the most common. Shareholders may lose the ability to remove directors, initiate a shareholder resolution, or respond to a beneficial offer without having to wait for the next scheduled meeting if they are unable to act at a special meeting of their own calling. • Vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings. • Vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.</p> <p>Shareholder Ability to Act by Written Consent Consent solicitations allow shareholders to vote on and respond to shareholder and management proposals by mail without having to act at a physical meeting. A consent card is sent by mail for shareholder approval and only requires a signature for action. Some corporate bylaws require supermajority votes for consents, while at others standard annual meeting rules apply. Shareholders may lose the ability to remove directors, initiate a shareholder resolution, or respond to a beneficial offer without having to wait for the next scheduled meeting if they are unable to act at a special meeting of their own calling. • Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent. • Vote FOR proposals to allow or make easier shareholder action by written consent.</p> <p>Equal Access We vote FOR shareholder proposals that would allow significant company shareholders equal access to management's proxy material in order to evaluate and propose voting recommendations on proxy proposals and director nominees, and in order to nominate their own candidates to the board.</p> <p>Unequal Voting Rights Incumbent managers are able to use unequal voting rights through the creation of a separate class of shares that have superior voting rights to the common shares of regular shareholders. This separate class of shares with disproportionate voting power allows management to concentrate its power and insulate itself from the wishes of the majority of shareholders. Dual class exchange offers involve a transfer of voting rights from one group of shareholders to another group of shareholders typically through the payment of a preferential dividend. A dual class recapitalization plan also establishes two classes of common stock with unequal voting rights, but initially involves an equal distribution of preferential and inferior voting shares to current shareholders. • Vote FOR resolutions that seek to maintain or convert to a one share, one vote capital structure.</p> <ul style="list-style-type: none">• Vote AGAINST requests for the creation or continuation of dual class capital structures or the creation of new or additional super-voting shares. <p>Supermajority Shareholder Vote Requirement to Amend the Charter or Bylaws Supermajority shareholder vote requirements for charter or bylaw amendments are often the result of "lock-in" votes, which are the votes required to repeal new provisions to the corporate charter. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company and its corporate governance provisions. Requiring more than this may entrench managers by</p>	

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	<p>blocking actions that are in the best interests of shareholders. Mastrapasqua will defer in all cases to state law when voting proxies in this matter. • Vote AGAINST management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments. • Vote FOR shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.</p> <p>Supermajority Shareholder Vote Requirement to Approve Mergers Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company and its corporate governance provisions. Requiring more than this may entrench managers by blocking actions that are in the best interests of shareholders. • Vote AGAINST management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations. • Vote FOR shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.</p> <p>Reimburse Proxy Solicitation Expenses Decisions to provide full reimbursement for dissidents waging a proxy contest are made on a CASE-BY-CASE basis.</p> <p>Capital Structure The management of a corporation's capital structure involves a number of important issues including dividend policy, types of assets, opportunities for growth, ability to finance new projects internally, and the cost of obtaining additional capital. Many financing decisions have a significant impact on shareholder value, particularly when they involve the issuance of additional common stock, preferred stock, or debt. Common Stock Authorization State statutes and stock exchanges require shareholder approval for increases in the number of common shares. Corporations increase their supply of common stock for a variety of ordinary business purposes: raising new capital, funding stock compensation programs, business acquisitions, implementation of stock splits, or payment of stock dividends. Mastrapasqua supports management proposals requesting shareholder approval to increase authorized common stock when management provides persuasive justification for the increase. Mastrapasqua will support increases in authorized common stock to fund stock splits that are in shareholders' interests. Mastrapasqua will evaluate on a CASE-BY-CASE basis on proposals when the company intends to use the additional stock to implement a poison pill or other takeover defense. Mastrapasqua will evaluate the amount of additional stock requested in comparison to the requests of the company's peers as well as the company's articulated reason for the increase. • Review, on a CASE-BY-CASE basis, proposals to increase the number of shares of common stock authorized for issue. • Vote AGAINST proposed common stock authorizations that increase the existing authorization by more than 50 percent, unless a clear need for the excess shares is presented by the company.</p> <p>Reverse Stock Splits Reverse splits exchange multiple shares for a lesser amount to increase share price. Increasing share price is sometimes necessary to restore a company's share price to a level that will allow it to be traded on the national stock exchanges. In addition, some brokerage houses have a policy of not monitoring or investing in very low priced shares. Reverse stock splits help maintain stock liquidity. We will review management proposals to implement a reverse stock split on a CASE-BY-CASE basis, taking into account whether there is a corresponding proportional decrease in authorized shares. We will generally support a reverse stock split if management provides a reasonable justification for the split and reduces authorized shares accordingly. Without a corresponding decrease, a reverse stock split is effectively an increase in authorized shares by reducing the number of shares outstanding while leaving the number of authorized shares to be issued at the pre-split level.</p> <p>Blank Check Preferred Authorization Preferred stock is an equity security that has certain features similar to debt instruments— such as fixed dividend payments and seniority of claims to common stock—and usually carries little to no voting rights. The terms of blank check preferred stock give the board of directors the power to issue shares of preferred stock at their discretion with voting, conversion, distribution, and other rights to be determined by the board at time of issue. Blank check preferred stock can be used for sound corporate purposes but can also be used as a device to thwart hostile takeovers without shareholder approval. • Vote FOR proposals to create blank check preferred stock in cases when the company expressly states that the stock will not be used as a takeover defense or carry superior voting rights. • Review, on a CASE-BY-CASE basis, proposals that would authorize the creation of new classes of preferred stock with unspecified voting, conversion, dividend, distribution, and other rights. • Review, on a CASE-BY-CASE basis, proposals to increase the number of authorized blank check preferred shares. If the company does not have any preferred shares outstanding, we will vote AGAINST the requested increase. • Vote FOR shareholder proposals to have blank check preferred stock placements, other than those shares issued for the purpose of raising capital or making acquisitions in the normal course of business, submitted for shareholder ratification.</p> <p>Adjust Par Value of Common Stock Stock that has a fixed per share value that is on its certificate is called par value stock. The purpose of par value stock is to establish the maximum responsibility of a stockholder in the event that a corporation becomes insolvent. Proposals to reduce par value come from certain state level requirements for regulatory industries such as banks and other legal requirements relating to the payment of dividends. • Vote FOR management proposals to reduce the par value of common stock.</p>	

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	<p>Preemptive Rights Preemptive rights permit shareholders to share proportionately in any new issues of stock of the same class. These rights guarantee existing shareholders the first opportunity to purchase shares of new issues of stock in the same class as their own and in the same proportion. The absence of these rights could cause stockholders' interest in a company to be reduced by the sale of additional shares without their knowledge and at prices unfavorable to them. Preemptive rights, however, can make it difficult for corporations to issue large blocks of stock for general corporate purposes. Both corporations and shareholders benefit when corporations are able to arrange issues without preemptive rights that do not result in a substantial transfer of control. • Review, on a CASE-BY-CASE basis, proposals to create or abolish preemptive rights. In evaluating proposals on preemptive rights, we look at the size of a company and the characteristics of its shareholder base.</p> <p>Debt Restructuring We review, on a CASE-BY-CASE basis, proposals to increase common and/or preferred shares and to issue shares as part of a debt-restructuring plan. We consider the following issues: • Dilution: How much will ownership interests of existing shareholders be reduced and how extreme will dilution to any future earnings be? • Change in Control: Will the transaction result in a change-in-control of the company? • Bankruptcy: How real is the threat of bankruptcy? Is bankruptcy the main factor driving the debt restructuring? Would the restructuring result in severe loss to shareholder value? • Possible self-dealings: Generally approve proposals that facilitate debt restructuring unless there are clear signs of self-dealing or other abuses.</p> <p>Executive and Director Compensation</p> <p>Stock Option PlansMastrapasqua supports compensating executives at a reasonable rate and believes that executive compensation should be strongly correlated to performance. Mastrapasqua supports stock options as a significant component of compensation. Stock option and other forms of compensation should ultimately improve shareholder value. Well-designed stock option plans align the interests of executives and shareholders by providing that executives benefit when stock prices rise as the company— and shareholders— prosper together. Many plans sponsored by management provide goals so easily attained that executives can realize massive rewards even though shareholder value is not necessarily created. Mastrapasqua will support option plans that provide legitimately challenging performance targets that serve to truly motivate executives in the pursuit of excellent performance. Likewise, we will oppose plans that offer unreasonable benefits to executives.</p> <p>In general, Mastrapasqua will consider executive and director compensation plans on a CASE-BY-CASE basis. Mastrapasqua will consider whether the proposed plan is being offered at fair market value or at a discount; whether the plan excessively dilutes the earnings per share of the outstanding shares; and whether the plan gives management the ability to replace or reprice “underwater” options. Repricing is an amendment to a previously granted stock option contract that reduces the option exercise price. Options are “underwater” when their current price is below the current option contract price. Options can also be repriced through cancellations and re-grants. The typical new grant would have a ten-year term, new vesting restrictions, and a lower exercise price reflecting the current lower market price. Mastrapasqua will also consider any other features of the plan that may not be in shareholders' best interest.</p> <p>Mastrapasqua will generally vote AGAINST options repricing, except in certain situations in which management provides ample justification and:</p> <ul style="list-style-type: none">• The repricing is value for value;• the plan is broad based; and• the current vesting schedule is maintained. <p>OBRA-Related Compensation Proposals</p> <ul style="list-style-type: none">• Vote FOR plans that simply amend shareholder-approved plans to include administrative features or place a cap on the annual grants that any one participant may receive in order to comply with the provisions of Section 162(m) of OBRA. <p>Amendments to Add Performance-Based Goals Section 162(m) of the IRS Code Section limits the deductibility of compensation in excess of \$1 million to a named executive officer unless certain prescribed actions are taken including shareholder approval and the establishment of performance goals. • Vote FOR amendments to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) of OBRA.</p>	

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	<p>Amendments to Increase Shares and Retain Tax Deductions Under OBRA Amendments to existing plans to increase shares reserved and to qualify the plan for favorable tax treatment under the provisions of Section 162(m) should be evaluated on a CASE-BY-CASE basis.</p> <p>Approval of Cash or Cash-and-Stock Bonus Plans Cash or cash-and-stock bonus plans to exempt the compensation from taxes will be evaluated on a CASE-BY-CASE basis.</p> <p>Performance Based Options Stock options are intended to align the interests of management with those of shareholders. However, stock option grants without performance-based elements can excessively compensate executives for stock increases due solely to a general stock market rise, rather than improved or superior company stock performance. When option grants reach the hundreds of thousands, a relatively small increase in the share price may permit executives to reap millions of dollars without providing material benefits to shareholders. Mastrapasqua advocates performance based options, such as premium-priced or indexed, which encourage executives to outperform rivals and the market as a whole rather than being rewarded for any rise in the share price, which can occur if there are not empirical performance measures incorporated into the structure of the options. Additionally, it should be noted that performance-accelerated vesting and premium priced options allow fixed plan accounting, whereas performance-vested and indexed options entail certain expensing requirements. • Generally vote FOR shareholder proposals that seek to provide for performance-based options such as indexed and/or premium priced options.</p> <p>Shareholder Proposals to Limit Executive and Director Pay • Review on a CASE-BY-CASE basis all other shareholder proposals that seek to limit executive and director pay. This includes shareholder proposals that seek to link executive compensation to customer, employee, or stakeholder satisfaction.</p> <p>Golden and Tin Parachutes Golden parachutes are designed to protect the employees of a corporation in the event of a change-in-control. Under most golden parachute agreements, senior level management employees receive a lump sum pay-out triggered by a change-in-control at usually two to three times base salary. Increasingly, companies that have golden parachute agreements for senior level executives are extending coverage for all their employees via "tin" parachutes. The SEC requires disclosure of all golden parachute arrangements in the proxy statement, while disclosure of tin parachutes in company filings is not required at this time. • Vote FOR shareholder proposals to have all golden and tin Parachute agreements submitted for shareholder ratification. • Vote on any other similar proposals on a CASE-BY-CASE basis.</p> <p>Employee Stock Ownership Plans (ESOPs) Vote FOR proposals that request shareholder approval in order to implement an ESOP or to increase authorized shares for existing ESOPs except in cases when the number of shares allocated to the ESOP is deemed "excessive" (i.e., generally greater than five percent of outstanding shares).</p> <p>State of Incorporation</p> <p>Voting on State Takeover Statutes We review, on a CASE-BY-CASE basis, proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze-out provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions). We generally support opting into stakeholder protection statutes if they provide comprehensive protections for employees and community stakeholders. We would be less supportive of takeover statutes that only serve to protect incumbent management from accountability to shareholders and which negatively influence shareholder value.</p> <p>Social and Environmental Issues We look at social, workforce, and environmental shareholder-sponsored resolutions on a CASE-BY-CASE basis. Generally, we defer to applicable laws and codified "codes of conduct" most corporations have established to govern corporate behavior. Our mission to generate returns for our investors is most directly tied to the profitability and growth of our portfolio companies. We ultimately evaluate all shareholder proposals based on the potential ramifications on these criteria and use the perceived character of management as a primary determinant in stock selection. Mastrapasqua seeks to balance the goals and profitability of the company with the need for special supervision and increased reporting on topics of shareholder concern.</p> <p>In determining our vote on social, workplace, environmental, and other related proposals, we specifically analyze the following factors: • Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value; • Percentage of sales, assets, and earnings affected; • Degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing; • Whether the issues presented should be dealt with</p>	

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	<p>through government or company-specific action;• Whether the company has already responded in some appropriate manner to the request embodied in a proposal;• Whether the company's analysis and voting recommendation to shareholders is persuasive;• What its industry peers have done in response to the issue;• Whether the proposal itself is well framed and reasonable;• Whether implementation of the proposal would achieve the objectives sought in the proposal; and• Whether the subject of the proposal is best left to the discretion of the board.</p> <p>Mastrapasqua Asset Management, Inc. ("MAM") is a portfolio manager for the following wrap fee programs</p> <p>LPL FINANCIAL SERVICES</p> <p>MORGAN STANLEY SMITH BARNEY</p> <p>UBS FINANCIAL SERVICES</p> <p>RBC DAIN RAUSCHER</p> <p>STIFEL (SMAP) /STIFEL NICOLAUS & CO.</p> <p>SCHWAB MANAGED ACCOUNT ACCESS /SCHWAB</p> <p>SIG</p> <p>MSP</p> <p>ENVEST</p> <p>STERNE AGEE</p> <p>FOLIOFN</p> <p>PERSHING (CSFB)</p> <p>FUNDQUEST</p> <p>BEAR STEARNS</p> <p>LOCKWOOD</p> <p>NORTHERN TRUST</p> <p>WELLS FARGO ADVISORS</p> <p>FIDELITY</p>	