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# **INTERLACED INVESTMENT ADVISORS LLC**

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**INTERLACED INVESTMENT ADVISORS LLC**

**FORM ADV PART II**

**FORM ADV**  
**Part II - Page 1**

**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Name of Investment Adviser: <b>Interlaced Investment Advisors LLC</b>				
Address: (Number and Street) Code)	(City)	(State)	(Zip)	Area Code: Telephone Number:
<b>1003 Bishop Street Suite 1410</b>	<b>Honolulu</b>	<b>HI</b>	<b>96813</b>	<b>(808) 429-5543</b>

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

**Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients . . . . .	2
3	Types of Investments . . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4
6	Education and Business Background . . . . .	4
7	Other Business Activities . . . . .	4
8	Other Financial Industry Activities or Affiliations . . . . .	4
9	Participation or Interest in Client Transactions . . . . .	5
10	Conditions for Managing Accounts . . . . .	5
11	Review of Accounts . . . . .	5
12	Investment or Brokerage Discretion . . . . .	6
13	Additional Compensation . . . . .	6
14	Balance Sheet . . . . .	6
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required . . . . .	Schedule G

SEC 1707 (01-08)

**FORM ADV**

Applicant:

SEC File Number:

Date:

Part II - Page 2

**INTERLACED INVESTMENT ADVISORS LLC****01/29/2010****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:

Estimated

- |                                     |     |                                                                                                                                                       |      |
|-------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| <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 type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....                                                                                             | %    |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....                                                             | %    |
| <input type="checkbox"/>            | (6) | Issues, not as part of any 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 the applicant call any of the services it checked above financial planning or some similar term? .....

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

**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 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 type="checkbox"/> B. Banks or thrift institutions     | <input 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 type="checkbox"/> D. Pension and profit sharing plans |                                                                                             |

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

- |                                                                                                   |                                                                            |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> A. Equity Securities                                          | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |                                                                            |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (3) foreign issues                                            | <input checked="" type="checkbox"/> (1) securities                         |
| <input type="checkbox"/> B. Warrants                                                              | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input checked="" type="checkbox"/> J. Futures contracts on:               |
| <input checked="" type="checkbox"/> D. Commercial paper                                           | <input checked="" type="checkbox"/> (1) tangibles                          |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input checked="" type="checkbox"/> (2) intangibles                        |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input type="checkbox"/> G. Investment company securities                                         | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> (1) variable life insurance                                              | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (2) variable annuities                                                   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                        | <input type="checkbox"/> 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) <input type="checkbox"/> Charting               | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |                                                            |

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

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

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

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

**FORM ADV****Part II - Page 4**

Applicant:

**INTERLACED INVESTMENT ADVISORS LLC**

SEC File Number:

Date:

**01/29/2010****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 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.)

Applicant:

INTERLACED INVESTMENT ADVISORS LLC

SEC File Number:

Date:

1/29/2010

**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.

**See Schedule F**

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

**See Schedule F**

Applicant:

INTERLACED INVESTMENT ADVISORS LLC

SEC File Number:

Date:

01/29/2010

**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

☐ ☒

Schedule F of  
Form ADV

Continuation Sheet for Form ADV Part II

Applicant	SEC FILE Number	Date
INTERLACED INVESTMENT ADVISORS LLC		01/29/2010

(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: <b>INTERLACED INVESTMENT ADVISORS LLC</b>		IRS Empl. Ident. No.: <b>26-3746055</b>				
Item of Form (Identity)	Answer					
1.D.	<p>INTERLACED INVESTMENT ADVISORS LLC ("Adviser") provides discretionary investment advisory services in accordance with a written investment management agreement. In the written agreement, clients authorize Adviser to exercise its discretion in determining which securities to purchase, sell or hold, the amount of securities to purchase or sell on behalf of a client's account and when to make such purchase or sale.</p> <p>Adviser will manage a client's account in reliance upon information provided by clients. Each client is responsible for providing accurate information regarding client's assets, financial circumstances, investment objectives, risk tolerance, investment expectations, any restrictions and other factors to be taken into consideration in the management of a client's account. Clients must notify Adviser if there are any changes to client's financial circumstances, needs or objectives.</p> <p>Adviser will provide each client the opportunity to meet with Adviser to discuss and review portfolio performance no less than annually.</p> <p>Client investment portfolios are managed and supervised by Adviser's Chief Investment Officer, Steven E. Connell. Investments may consist of cash, equity securities, fixed income securities and other publicly traded asset classes; Adviser may also utilize options contracts. Adviser applies a disciplined analytical approach to understand the fundamental drivers of stock prices, including company-specific performance, macro-economic factors, and stock market dynamics.</p> <p>Fees are charged based upon a percentage of a client's assets under management pursuant to a Schedule of Fees which is provided to each client and subject to change in accordance with the investment management agreement between each client and Adviser. Fees are calculated based upon the market value of account assets under management as of the last trading day of each calendar month and deducted monthly in arrears for services rendered and paid directly to Adviser.</p> <p style="text-align: center;"><b><u>Schedule of Fees</u></b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Account Asset Value</th> <th>Adviser Fee</th> </tr> </thead> <tbody> <tr> <td>\$50,000 and above</td> <td>2.00 % per Annum</td> </tr> </tbody> </table> <p>The Schedule of Fees may be amended by Adviser upon written notice to client in accordance with the investment management agreement. Fees charged may be negotiated. Fees may vary depending upon various factors, including, but not limited to, the type of account, the size of the account, and business considerations.</p> <p>Adviser may invest in exchange traded funds and/or publicly traded investment companies (mutual funds) on behalf of a client's account. These investment vehicles incur costs and expenses and are managed by independent fund advisers. Clients should understand that fund advisers charge these funds a fee that is distinct and separate from the fee charged</p>		Account Asset Value	Adviser Fee	\$50,000 and above	2.00 % per Annum
Account Asset Value	Adviser Fee					
\$50,000 and above	2.00 % per Annum					



Schedule F of  
Form ADV

Continuation Sheet for Form ADV Part II

Applicant

INTERLACED INVESTMENT ADVISORS LLC

SEC FILE Number

Date

01/29/2010

(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: <b>INTERLACED INVESTMENT ADVISORS LLC</b>		IRS Empl. Ident. No.: <b>26-3746055</b>
Item of Form (Identity)	Answer	
	<p>by Adviser. A client could invest in these investment vehicles directly, without the services of Adviser. Clients should evaluate the fees incurred in connection with these investment vehicles and the advisory fees charged by Adviser to fully understand the total amount of fees paid.</p> <p>A client may terminate the investment management agreement contract within five (5) business days of signing the agreement without payment or penalty. Thereafter, the investment management agreement will remain in effect until terminated by either party. The client may terminate the contract at any time by giving notice in writing to Adviser, but the termination date must be no less than seven (7) days from the date the notice is received by the Adviser. Adviser may terminate the investment management agreement by providing no less than thirty (30) days written notice.</p>	
5.	Supervised persons providing investment advice must have college degrees and have appropriate business or financial services experience.	
6.	<p><b>Steven E. Connell</b>, President &amp; CEO, Chief Investment Officer, Chief Compliance Officer b. 1959</p> <p>B.A. Harvard College, cum laude, Class of 1981 London Business School, MBA (1992–1994) Series 65, Uniform Investment Adviser Law Examination (2009)</p> <p>GE Financial Management Training Program Graduate (1983–1986) GE Aircraft Engine Division, Financial Operations, Ontario, CA (1986–1988) GE International, Hong Kong (1988–1990) GE Tungsram Lighting, London (1990–1992) Capital Research International, Tokyo (1994–2007) Interlaced Investment Advisors LLC, Honolulu (2009–present)</p>	
9. E	<p>The Adviser's written compliance policies and procedures includes policies for review of personal securities transactions, initial and annual personal securities holdings reports. Records will be maintained of personal securities transactions and holdings of Adviser's supervised persons who are access persons. Insider trading is prohibited. Adviser's Code of Ethics emphasizes the fiduciary obligations of Adviser and its supervised persons and establishes standards of conduct. A copy of Adviser's Code of Ethics is available upon request to any client or prospective client.</p> <p>Securities transactions may be aggregated with client transactions for execution as a block and allocations are made in accordance with Adviser's allocation procedures. Terms negotiated for an aggregated transaction will apply equally and the price of the securities purchased or sold in an aggregated transaction shall be at the average share price with all transaction costs shared on a pro rata basis.</p>	
10.	Adviser requires a minimum account size of \$50,000. The account minimum requirement may be waived at the discretion of Adviser.	

Schedule F of  
Form ADV

Continuation Sheet for Form ADV Part II

Applicant	SEC FILE Number	Date
INTERLACED INVESTMENT ADVISORS LLC		01/29/2010

(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: <b>INTERLACED INVESTMENT ADVISORS LLC</b>		IRS Empl. Ident. No.: <b>26-3746055</b>
Item of Form (Identity)	Answer	
11.	Adviser conducts an annual review of each client's account to review performance and holdings. Reviews are conducted by the Chief Investment Officer.	
11. B.	Clients receive quarterly statements which include a holdings list with quarter end market values, and a performance report. Clients will receive monthly account statements from their custodians, in accordance with account arrangements established by clients directly with their selected custodian.	
12. A. (1)	Adviser has sole investment discretion in determining the securities to be bought or sold in a client's account.	
12. A. (2)	Adviser has sole investment discretion in determining the amount of securities to be bought or sold in a client account.	
12. A. (3) – (4); 12. B	<p>Adviser is engaged by its clients to manage accounts on a discretionary basis; Adviser's discretionary authority includes the authority to determine, without obtaining specific client consent, the broker or dealer to be used and commission rates paid. However, clients receive a confirmation following each transaction from brokerage firms and monthly statements from the account custodian.</p> <p>Adviser's primary consideration in selecting broker-dealers is to seek the best combination of price and transaction costs. In addition, among other things, Adviser considers such factors as execution capability, financial responsibility, responsiveness to Adviser, the commission rate or spread involved, and the value and range of research products and services provided or paid for by a broker-dealer. Such research products may include research reports on companies, industries and securities, economic and financial data, financial publications, and services.</p> <p>The Securities and Exchange Commission has defined "soft dollar" practices as arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer.</p> <p>Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account shall not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of his having caused the account to pay more than the lowest available commission if such person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. The research product or service obtained with soft dollars must provide lawful and appropriate assistance to the adviser in the performance of its investment decision-making responsibilities.</p> <p>Since there is a conflict of interest when an adviser receives research products or services as a result of allocating brokerage on behalf of clients, advisers are required to disclose soft</p>	

Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II

Applicant	SEC FILE Number	Date
INTERLACED INVESTMENT ADVISORS LLC		01/29/2010

(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: <b>INTERLACED INVESTMENT ADVISORS LLC</b>		IRS Empl. Ident. No.: <b>26-3746055</b>
Item of Form (Identity)	Answer	
	<p>dollar arrangements to clients.</p> <p>Adviser's use of soft dollars, if any, is limited to research products or services that directly assist Adviser in its investment decision-making responsibilities. Broker-dealers who supply Adviser with research products or services may charge higher commissions than those obtainable from other broker-dealers who do not do so. Adviser reviews its soft dollar practices to evaluate the reasonableness of brokerage commissions in relation to the value of any brokerage and research services provided, in terms of either a particular transaction or Adviser's overall responsibilities with respect to accounts as to which Adviser exercises investment discretion. Adviser anticipates that clients may pay commissions higher than those obtainable from other broker-dealers that do not offer comparable levels of service or research products or services. Research furnished by broker-dealers may be used in servicing the accounts of any or all of Adviser's clients, including accounts other than those that pay commissions to the broker-dealers that supplied Adviser with research services.</p> <p>As to those clients who direct Adviser as to the broker-dealer to be used, Adviser will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition a disparity in brokerage commission charges may exist when compared to commissions charged to other clients.</p> <p>For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Adviser may suggest the use of one or more broker-dealers or custodians. Each client must evaluate these broker-dealers and/or custodians and is free to select any broker-dealer or custodian for such client's accounts.</p>	