

**Gerstein, Fisher & Associates, Inc.**  
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**Gerstein, Fisher & Associates, Inc.**  
**Brochure**  
**Dated 3/30/2011**

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**This brochure provides information about the qualifications and business practices of Gerstein, Fisher & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 968-0707 or [rmartz@gersteinfisher.com](mailto:rmartz@gersteinfisher.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Gerstein, Fisher & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Gerstein, Fisher & Associates, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Gerstein, Fisher & Associates, Inc.'s disclosure statement since last year's Annual Amendment filing on 3/31/2010.

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#### Item 4            Advisory Business

- A. Gerstein, Fisher & Associates, Inc. (the “Registrant”) is a corporation formed on April 30, 1996 in the State of New York (previous to which it was a sole proprietorship). The Registrant became registered as an Investment Adviser Firm in 1993. The Registrant is owned by Gregg S. Fisher. Mr. Fisher is the Registrant’s Principal.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.), directly or via one or more affiliates, investment advisory services, and, to the extent specifically requested by a client, tax preparation and financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management (between 0.25% and 1.00%) as follows:

<b>Assets Under Management</b>	<b>Equity and Balanced Account Strategies: <u>Annual Fee %</u></b>	<b>Fixed Income Account Strategies: <u>Annual Fee %</u></b>
Initial \$1,000,000	1.00%	0.65%
Next \$2,000,000	0.75%	0.55%
Next \$2,000,000	0.65%	0.45%
Next \$5,000,000	0.50%	0.35%
Additional amounts over \$10,000,000	0.35%	0.25%

\* **Please Note:** Assets allocated to Registrant’s directly managed asset management strategies (discussed below) shall be subject to an additional fee (0.30% for fixed income and 0.50% for individual equities).

\* **Please Also Note:** Certain clients of Registrant may be subject to a different fee schedule than as set forth above. In those instances, the Registrant’s annual investment advisory fee shall vary and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant’s management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement. (See Fee Differentials below).

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee

basis. Registrant's planning and consulting fees are negotiable, but generally range from \$750 to \$10,000 on a fixed fee basis, and from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as registered broker-dealers and/or licensed insurance agents. (*See* disclosure at Item 10 C.1 and 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **REPORTING SERVICES AND AGGREGATE DATA STORAGE**

Registrant offers investment data storage and comprehensive reporting services which may be provided separately or as part of the Registrant's other services. The client's assets subject to this service may be separate from those for which Registrant provides investment management, review, monitoring and/or for which Registrant provides investment recommendations or advice. The *Investment Advisory Agreement* and/or *Financial Planning and Consulting Agreement* between Registrant and the client shall describe the services offered and delineate those assets which will receive no services other than investment data storage and comprehensive reporting services (referred to as "Excluded Assets"). The Registrant's fee for this service will range from 0.10% to 1.00% of the assets that will be reported on under this service. These fees may be negotiated by the Registrant under unusual circumstances, at the sole discretion of the Registrant.

## **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the

client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Private Investment Funds.** Registrant provides investment advice regarding private investment funds and matters not involving securities.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Gerstein Fisher Multi-Factor Growth Equity Fund**

The Registrant provides investment management services through its affiliated mutual fund, Gerstein Fisher Multi-Factor Growth Equity Fund (the "*Fund*"), an investment company registered under the Investment Company Act of 1940. Under normal market conditions, at least 80% of the *Fund's* net assets will be invested in equity securities. The *Fund* seeks to invest primarily in common stocks of domestic companies of any size. Equity securities may also include preferred stocks, exchange-traded funds that invest in equities, individual stock options and options on indices. At any one time, the combined value of options may be up to 5% of the *Fund's* net assets. The *Fund* may invest up to 20% of its net assets in the securities of foreign issuers that are publicly traded in the United States or on foreign exchanges. Additionally, the *Fund* may also sell shares of securities short for hedging purposes. A complete description of the *Fund*, its strategy,

objectives, and costs is set forth in the *Fund* prospectus, a copy of which is provided to all clients that engage the Registrant's services through the *Fund*.

**Please Note-Combined Fee:** Although all mutual funds charge fees (i.e. administrative and investment management fees), because of the *Fund's* relationship to the Registrant, a **conflict of interest** is presented because: (1) a portion the fees will be payable to the Registrant for its investment management services; **and** (2) the **combined** investment management fee to be received by the Registrant from the *Fund* **and** as part of assets under management will generally be higher than it currently receives from clients under the fee schedule as set forth above. The *Fund's* expense ratio will be capped at 1.25%. ***Please also note*** that given that the Registrant is the *Fund's* investment manager, the Registrant will retain a greater portion of this combined fee than if it outsourced the investment management function to a third party. **For existing clients as of January 1, 2010:** As previously indicated in the Registrant's letter to its clients of December 2009, if the *Fund* was added to a client's portfolio, the client's **total fees did not increase**. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

**Please Note as to Fund/Fees:** (1) Pursuant to the terms of the *Investment Advisory Agreement*, the Registrant shall have discretion to place client assets in the *Fund*; (2) the compensation received by the Registrant from the *Fund* will generally exceed the compensation received by the Registrant for managing portfolios of unaffiliated mutual funds, however, the credit amount is intended to offset this differential. **Credit Amount.** The annual gross investment advisory fee for client accounts is reduced by a credit amount; the purpose of which is to reduce the investment management fee relative to the *Fund*. This credit amount is calculated and applied quarterly. The total credit amount will be applied against the gross advisory fee to determine the net advisory fee to be paid by the client.

**Please Also Note:** A client may direct the Registrant, in writing, not to utilize the *Fund* for his/her/its investment portfolio.

**12b-1 Fees.** Although not a material consideration when determining to purchase a specific mutual fund, the Registrant's representatives, pursuant to their association with GFA Securities, LLC (*see* disclosure below), may also receive ongoing 12b-1 trailing commission compensation from the mutual fund company(ies) during the period that the client maintains the mutual fund investment. The 12b-1 compensation is in addition to Registrant's investment advisory fee. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

**Gerstein Fisher Tax Services LLC.** Registrant has an arrangement with its affiliated entity, Gerstein Fisher Tax Services LLC ("*GFTS*"), for the purpose of *GFTS* providing tax-related services to Registrant's clients. *GFTS* may provide Registrant's clients with tax-related consulting and tax return preparation services. *GFTS* will provide services under a separate engagement. In return for such services, *GFTS* will charge a fee that will

be based upon the complexity of the service performed, which fee will range from \$150 to \$5,000. **Please Note: Clients are under no obligation to engage GFTS for tax-related consulting and/or tax preparation services.**

**Independent Managers.** The Registrant may allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Please Note: Fee Differentials.** As indicated above, for certain clients of the Registrant, the Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of March 29, 2011, the Registrant had \$1,023,895,617.20 in assets under management on a discretionary basis and \$10,068,584.00 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.25% and 1.00%) as follows:

Assets Under Management	Equity and Balanced Account Strategies: <u>Annual Fee %</u>	Fixed Income Account Strategies: <u>Annual Fee %</u>
Initial \$1,000,000	1.00%	0.65%
Next \$2,000,000	0.75%	0.55%
Next \$2,000,000	0.65%	0.45%
Next \$5,000,000	0.50%	0.35%
Additional amounts over \$10,000,000	0.35%	0.25%

\* **Please Note:** Assets allocated to Registrant's directly managed asset management strategies shall be subject to an additional fee (0.30% for fixed income and 0.50% for individual equities).

\* **Please Also Note:** Certain clients of Registrant may be subject to a different fee schedule than as set forth above. In those instances, the Registrant's annual investment advisory fee shall vary and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant's management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement. (See Fee Differentials above).

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$750 to \$10,000 on a fixed fee basis, and from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. The Registrant's advisory fees shall be deducted from the client's custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance



with regulatory procedures. The Registrant shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter (*except for client assets allocated amongst certain independent investment manager(s) and/or program(s) that bill for payment in advance*).

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that, including, but not limited to, Charles Schwab and Co., Inc. ("*Schwab*"), SEI Private Trust Company ("*SEI*"), Pershing, LLC ("*Pershing*") and/or Bank of New York ("*BNY*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *SEI*, *Pershing* and *BNY* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian ).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter (*except for client assets allocated amongst certain independent investment manager(s) and/or program(s) that bill for payment in advance*). The Registrant generally requires an annual minimum fee of \$2,000, per household, for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its annual minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, a pro-rated portion of the earned but unpaid advanced advisory fee shall be due, which shall be debited from the custodial account or invoiced to the client.

- E. **Securities Commission Transactions.** In the event the client desires, the client can implement Registrant's investment recommendations (limited to mutual funds, variable annuities and 529 plans only) through Registrant's affiliate, GFA Securities, LLC ("*GFA*"), an SEC registered and FINRA-member broker-dealer. In the event the client desires to implement on a commission basis, the client can engage the representatives of the Registrant, in their individual capacities as registered representatives of *GFA*, to implement investment recommendations on a commission basis. In the event the client chooses to implement by purchasing investment products through the representatives of the Registrant, in their individual capacities as registered representative of *GFA*, brokerage commissions will be received by *GFA*, a portion of which commissions shall

be paid by *GFA* to the applicable Registrant representative. Prior to effecting any transactions, the client will be required to enter into a new account agreement with *GFA*. In addition, through *GFA*, the representatives of the Registrant, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation from the mutual fund company(ies) during the period that the client maintains the mutual fund investment. **Please Note:** The recommendation that a client purchases a securities commission product from Registrant's representatives presents a *conflict of interest*. No client is under any obligation to purchase any such commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from Registrant's representatives presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**
2. **Please note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## Item 7           Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant generally requires an annual minimum fee of \$2,000, per household, for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its annual minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

## Item 8           Methods of Analysis, Investment Strategies and Risk of Loss

A. The Registrant may utilize the following methods of security analysis:

- Statistical and Quantitative - (analysis performed on value and momentum metrics, with a goal of identifying investment opportunities with the potential to outperform market benchmarks)
- Fundamental - (analysis performed on historical and present data, with the goal of analyzing financial markets)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every

investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

The Registrant may utilize statistical techniques like Monte Carlo Simulation (MCS) to perform rigorous scenario analysis on portfolios before finalizing structure. The Registrant recognizes that MCS is not a definitive method. While the Registrant recognizes its limitations, the Registrant believe that statistical techniques like MCS can play an important role in helping prepare its clients for a wide range of possible investment outcomes.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend – short selling and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/”hedging” a potential market risk in a client’s portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, the Registrant primarily allocates client investment assets among various types of investments that include, but are not limited to, individual fixed income and equity securities, exchange traded funds, certificates of deposit, municipal bonds, option contracts, real estate partnerships, mutual funds, independent investment managers, and Registrant’s directly managed asset management strategies (individual equities and/or

fixed income) and its affiliated mutual fund, Gerstein Fisher Multi-Factor Growth Equity Fund, on a discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, the Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts. (*See* Item 4 B).

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. **Registered Representatives of GFA.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of GFA Securities, LLC, an SEC registered and FINRA-member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Broker-Dealer.** As disclosed above in Item 5.E, Registrant's representatives, are registered representatives of GFA Securities, LLC, an SEC registered and FINRA-member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis
    - **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker-dealers. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest**

2. **Mutual Fund.** As disclosed in Item 4.B above, the Registrant provides investment management services through its affiliated mutual fund, Gerstein Fisher Multi-Factor Growth Equity Fund (the “*Fund*”), an investment company registered under the Investment Company Act of 1940. Under normal market conditions, at least 80% of the *Fund*’s net assets will be invested in equity securities. The *Fund* seeks to invest primarily in common stocks of domestic companies of any size. Equity securities may also include preferred stocks, exchange-traded funds that invest in equities, individual stock options and options on indices. At any one time, the combined value of options may be up to 5% of the *Fund*’s net assets. The *Fund* may invest up to 20% of its net assets in the securities of foreign issuers that are publicly traded in the United States or on foreign exchanges. Additionally, the *Fund* may also sell shares of securities short for hedging purposes. A complete description of the *Fund*, its strategy, objectives, and costs is set forth in the *Fund* prospectus, a copy of which is provided to all clients that engage the Registrant’s services through the *Fund*.

**Please Note-Combined Fee:** Although all mutual funds charge fees (i.e. administrative and investment management fees), because of the *Fund*’s relationship to the Registrant, a **conflict of interest** is presented because: (1) a portion the fees will be payable to the Registrant for its investment management services; **and** (2) the **combined** investment management fee to be received by the Registrant from the *Fund* **and** as part of assets under management will generally be higher than it currently receives from clients under the fee schedule as set forth above. The *Fund*’s expense ratio will be capped at 1.25%. ***Please also note*** that given that the Registrant is the *Fund*’s investment manager, the Registrant will retain a greater portion of this combined fee than if it outsourced the investment management function to a third party. **For existing clients as of January 1, 2010:** As previously indicated in the Registrant’s letter to its clients of December 2009, if the *Fund* was added to a client’s portfolio, the client’s total fees did not increase. **The Registrant’s Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

**Please Note as to Fund/Fees:** (1) Pursuant to the terms of the *Investment Advisory Agreement*, the Registrant shall have discretion to place client assets in the *Fund*; (2) the compensation received by the Registrant from the *Fund* will generally exceed the compensation received by the Registrant for managing portfolios of unaffiliated mutual funds, however, the credit amount is intended to offset this differential. **Credit Amount.** The annual gross investment advisory fee for client accounts is reduced by a credit amount; the purpose of which is to reduce the investment management fee relative to the *Fund*. This credit amount is calculated and applied quarterly. The total credit amount will be applied against the gross advisory fee to determine the net advisory fee to be paid by the client.

**Please Also Note:** A client may direct the Registrant, in writing, not to utilize the *Fund* for his/her/its investment portfolio.

8. **Licensed Insurance Agents.** Registrant’s representatives, in their individual

capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Registrant's representatives to effect insurance transactions on a commission basis.

- **Conflict of Interest**: The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, the Registrant provides investment management services through its affiliated mutual fund, Gerstein Fisher Multi-Factor Growth Equity Fund (the "*Fund*"), an investment company registered under the Investment Company Act of 1940. Under normal market conditions, at least 80% of the *Fund's* net assets will be invested in equity securities. The *Fund* seeks to invest primarily in common stocks of domestic companies of any size. Equity securities may also include preferred stocks, exchange-traded funds that invest in equities, individual stock options and options on indices. At any one time, the combined value of options may be up to 5% of the *Fund's* net assets. The *Fund* may invest up to 20% of its net assets in the securities of foreign issuers that are publicly traded in the United States or on foreign exchanges. Additionally, the *Fund* may also sell shares of securities short for hedging purposes. A complete description of the *Fund*, its strategy, objectives, and costs is set forth in the *Fund* prospectus, a copy of which is provided to all clients that engage the Registrant's services through the *Fund*.

**Please Note-Combined Fee**: Although all mutual funds charge fees (i.e. administrative and investment management fees), because of the *Fund's* relationship to the Registrant, a **conflict of interest** is presented because: (1) a portion the fees will be payable to the Registrant for its investment

management services; **and** (2) the combined investment management fee to be received by the Registrant from the *Fund* **and** as part of assets under management will generally be higher than it currently receives from clients under the fee schedule as set forth above. The *Fund's* expense ratio will be capped at 1.25%. ***Please also note*** that given that the Registrant is the *Fund's* investment manager, the Registrant will retain a greater portion of this combined fee than if it outsourced the investment management function to a third party. **For existing clients as of January 1, 2010:** As previously indicated in the Registrant's letter to its clients of December 2009, if the *Fund* was added to a client's portfolio, the client's total fees did not increase. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

**Please Note as to Fund/Fees:** (1) Pursuant to the terms of the *Investment Advisory Agreement*, the Registrant shall have discretion to place client assets in the *Fund*; (2) the compensation received by the Registrant from the *Fund* will generally exceed the compensation received by the Registrant for managing portfolios of unaffiliated mutual funds, however, the credit amount is intended to offset this differential; **Credit Amount.** The annual gross investment advisory fee for client accounts is reduced by a credit amount; the purpose of which is to reduce the investment management fee relative to the *Fund*. This credit amount is calculated and applied quarterly. The total credit amount will be applied against the gross advisory fee to determine the net advisory fee to be paid by the client.

**Please Also Note:** A client may direct the Registrant, in writing, not to utilize the Fund for his/her/its investment portfolio.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a



date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at including, but not limited to, *Schwab*, *SEI*, *Pershing* and/or *BNY*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending including, but not limited to, *Schwab*, *SEI*, *Pershing* and/or *BNY* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Soft Dollar Arrangement**

In return for effecting securities transactions through a designated broker-dealer/custodian, Registrant may receive certain investment research products or services which assist the Registrant in its investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a "soft-dollar" arrangement). Investment research products or services received by Registrant may include, but are not limited to, analyses pertaining to

specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by the Registrant that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab*, *SEI*, *Pershing* and/or *BNY* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *SEI*, *Pershing* and/or *BNY* (or another broker-dealer/custodian) as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab*, *SEI*, *Pershing* and/or *BNY* (or another broker-dealer/custodian) or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. *Schwab* Referrals

Registrant receives client referrals from *Schwab* through Registrant's participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of an unaffiliated with Registrant. *Schwab* does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays *Schwab* fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest described below.

Registrant pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees owed by the client to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at *Schwab*. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Registrant charges clients with similar portfolios (pursuant to Registrant's standard fee schedule as in effect from time to time) who were not referred through the Service.

Registrant generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Registrant generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Registrant will have incentives

to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Registrant nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create**

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and

commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13            Review of Accounts**

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal and/or representatives. All investment advisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and/or regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Those clients to whom Registrant provides investment advisory services may also receive a periodic report from the Registrant summarizing account activity and performance.

### **Item 14            Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab, SEI, Pershing* and/or *BNY* (or another broker-dealer/custodian). The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab, SEI, Pershing* and/or *BNY* (or another broker-dealer/custodian).

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, SEI, Pershing* and/or *BNY* (or another broker-dealer/custodian) as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, SEI, Pershing* and/or *BNY* (or another broker-dealer/custodian) or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Those clients to whom Registrant provides investment advisory services may also receive a periodic report from the Registrant summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. Except for the *Fund*, the Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all

elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**