

Item 1 – Cover Page

Alessandra Capital Management, LLC

501 Deep Valley Drive, Suite 202

Rolling Hills Estates, CA 90274

310-377-9220

www.alessandracapital.com

March 31, 2011

This Brochure provides information about the qualifications and business practices of Alessandra Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (310) 377-9220 or by email at greg@alessandracapital.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.

ALESSANDRA CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about ALESSANDRA CAPITAL MANAGEMENT, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Greg Alessandra, Managing Member at (310) 377-9220 or greg@alexandracapital.com. Our Brochure is also available on our web site www.alexandracapital.com, also free of charge.

Additional information about ALESSANDRA CAPITAL MANAGEMENT, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with ALESSANDRA CAPITAL MANAGEMENT, LLC who are registered, or are required to be registered, as investment adviser representatives of ALESSANDRA CAPITAL MANAGEMENT, LLC.

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Item 4 – Advisory Business

A. ADVISORY FIRM

Alessandra Capital Management, LLC (“ACM” or “Adviser”) is a limited liability company formed under the laws of the State of California and domiciled in the State of California. ACM offers investment advisory services to individuals and high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other business organizations. ACM’s services and fee arrangements are described in the following pages.

Additional information about ACM is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for ACM is 123305.

ACM has been in Business since February, 1999. The principal owner is Gregory P. Alessandra.

ACM registered as an investment adviser with the State of California on July 29th 1999 and transitioned to SEC registration on November 20th, 2006.

B. ADVISORY SERVICES OFFERED

General

ACM provides discretionary investment advice and management to individually managed accounts. ACM holds a limited power of attorney to act on a discretionary basis with client funds. ACM does not maintain possession or custody of the funds or securities of any client. The client funds are typically deposited in either a brokerage firm or bank custodian account. More details are provided below.

1. Portfolio Management

ACM’s portfolio management service is designed to assist clients in meeting their financial goals through the use of financial investments. For each portfolio management client, ACM will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client’s current financial situation, existing resources, financial goals, and tolerance for risk. Based on the foregoing, ACM will propose an investment approach to the client. ACM may propose an investment portfolio, consisting of individual stocks, bonds, exchange traded funds, mutual funds, or other securities. Upon the client’s agreement to the proposed investment plan, ACM will work with the client to establish or transfer investment accounts so that ACM is able to manage the client’s portfolio. Once the relevant accounts are

under ACM's management, ACM will typically review such accounts no less frequently than weekly or monthly. ACM may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify ACM so that ACM can consider such information in managing the client's investments.

Portfolio Management clients pay an asset-based management fee to ACM and, separately, transaction charges for each trade to the Brokerage firm as described in Item 5 below.

2. Wrap Fee Portfolio Management Services

“Alessandra Capital Management Wrap Fee Program “

ACM may also offer its portfolio management service on a wrapped fee program. ACM's wrap fee portfolio management service is designed to assist clients in meeting their financial goals through the use of financial investments. For each wrap fee portfolio management client, ACM will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client's current financial situation, existing resources, financial goals, and tolerance for risk. Based on the foregoing, ACM will propose an investment approach to the client. ACM may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, ACM will work with the client to establish or transfer investment accounts so that ACM is able to manage the client's portfolio. Once the relevant accounts are under ACM's management, ACM will typically review such accounts no less frequently than weekly or monthly. ACM may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify ACM so that ACM can consider such information in managing the client's investments.

Wrap Fee Program clients pay an asset-based management fee that covers both the investment advisory services of ACM and the transaction costs for buying and selling securities. This is described in more detail in Item 5 below. A wrap fee program brochure is available upon request.

3. Financial Consulting Services

ACM will occasionally provide a variety of financial consulting services, pursuant to a written Agreement, to individuals, trusts, foundations and charities regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning

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services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

The plan developed for financial consultation rendered to the client will usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, obtain or revise insurance coverage. ACM may also refer clients to an attorney or other specialist. For consulting engagements, ACM may not provide a written summary. Consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

C. TAILORING OF ADVISORY SERVICES TO THE INDIVIDUAL NEEDS OF CLIENTS

As described in each section in Item 4, Part B, ACM attempts to tailor its advisory services by conducting one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client's current financial situation, existing resources, financial goals, and tolerance for risk. Based on the foregoing, ACM will propose an investment approach to the client or prepare a financial plan document. ACM may propose an investment portfolio, consisting of, individual stocks or bonds, exchange traded funds, mutual funds, or other securities. Upon the client's agreement to the proposed investment plan, ACM will work with the client to establish or transfer investment accounts so that ACM is able to manage the client's portfolio. Once the relevant accounts are under ACM's management, ACM will typically review such accounts no less frequently than weekly or monthly. ACM may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify ACM so that ACM can consider such information in managing the client's investments.

ACM may develop one or more model portfolios which serve as hypothetical portfolios against which actual individual portfolios may be compared. These model portfolios are used as tools to assist ACM in constructing and rebalancing portfolios for individual clients. As a result of the use of model portfolios, various client portfolios may hold many of the same securities in roughly the same percentages.

Clients with similar goals and risk tolerances may have portfolios that are different in terms of the actual securities, the number of securities, the type of securities, and the concentration of the securities.

Clients may impose restrictions on investing in certain securities or types of securities subject to written approval by an authorized representative of ACM.

D. WRAP FEE PROGRAMS

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Wrap Fee Program accounts are managed in a fashion similar to Portfolio Management accounts. The primary difference between the two types of accounts is that clients who have Wrap Fee Program accounts do not pay transaction fees to the brokerage firm when ACM purchases or sells securities. In Wrap Fee Program Accounts, ACM normally must pay some of the fees it earns to the brokerage firm that is handling the account in order to compensate the brokerage firm for executing and clearing the transactions. ACM receives a portion of the annual management fee as consideration for its portfolio management services. The management fee on Wrap Fee program accounts is generally higher than for similar Portfolio Management accounts.

E. ASSETS UNDER MANAGEMENT

As of December 31, 2010, ACM had approximately \$45,200,000 under management on a discretionary basis. As of December 31, 2010, ACM did not have any money under management on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Portfolio Management – Fee Schedule

The annual asset-based fee charged for portfolio management services typically ranges from 0.25% to 2.95% (one-quarter percent to two point nine five percent) of assets under management. ACM quotes an exact percentage to each client based on both the nature and total dollar value of that account.

Fees are calculated quarterly based on assets under management. Clients are typically invoiced quarterly, in advance, at the beginning of each calendar quarter based on the month-end values (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account during the previous quarter. Exceptions may be made to the fee schedule under certain circumstances pursuant to a negotiated agreement with the client. In the event that the client terminates ACM's services before the end of a billing period, the client is assessed a pro-rata fee based on the number of days the client's account was managed by ACM.

ACM does not maintain custody of client assets. ACM's managed accounts are custodied at J.P. Morgan Clearing Corp. ("custodian"), an unaffiliated SEC-registered broker-dealer and FINRA member. On at least a quarterly basis, the client's account custodian provides the client with account statements that show all disbursements from the client account, including any advisory fees paid to ACM.

Upon agreement with its clients, ACM's fee schedule may or may not include separately incurred expenses, of which ACM does not receive any part: mutual fund expenses, exchange traded fund expenses, trading costs, and custodial costs. Upon agreement with its clients, these

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fees may be inclusive or separately charged by the relevant parties and may be borne by the client.

Either party may terminate the investment advisory agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing ACM's investment advisory agreement. After five (5) business days, clients will receive a pro-rata refund, which takes into account work completed by ACM on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the client.

ACM's advisory fee is negotiable. No increase in the fee schedule shall be effective without prior written notification to the client.

No portion of ACM's compensation is based on capital gains or capital appreciation of assets under management except as provided for under the Investment Advisers Act of 1940.

B. Portfolio Management Plus Commission Based Fees

Upon agreement with its clients, ACM may be compensated in part through annual asset-based fees as described above and in part through commissions earned by executing recommended securities transactions through First Allied Securities, Inc. ("First Allied") a registered broker-dealer and J.P. Morgan Clearing Corp. ("JPMCC"), an unaffiliated SEC-registered broker-dealer and FINRA member.

C. Wrap Fee Portfolio Management – Fee Schedule

The annual asset-based fee charged for wrap fee portfolio management services typically range from 0.25% to 2.95% (one-quarter percent to two point nine five percent) of assets under management. ACM quotes an exact percentage to each client based on both the nature and total dollar value of that account.

Fees are calculated quarterly based on assets under management. Clients are typically invoiced quarterly, in advance, at the beginning of each calendar quarter based on the month-end values (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account during the previous quarter. Exceptions may be made to the fee schedule under certain circumstances pursuant to a negotiated agreement with the client. In the event that the client terminates ACM's services before the end of a billing period, the client shall be assessed a pro-rata fee based on the number of days the client's account was managed by ACM.

Unless the client requests direct billing or the client's custodian does not facilitate the direct deduction of fees, fees will be automatically deducted from the account. When fees are deducted from client accounts, ACM will send an invoice to both the client and the client's account

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custodian. The invoice will provide details regarding calculation of the fee. On at least a quarterly basis, the client's account custodian provides the client with account statements that show all disbursements from the client account, including any advisory fees paid to ACM.

If the account is a wrap account, the client will not incur transaction charges imposed by unaffiliated third parties for the purchase or sale of securities. The client may pay separately incurred expenses, of which ACM does not receive any part: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). Upon agreement with its clients, these fees may be inclusive or separately charged by the relevant parties and may be borne by the client. The client may incur charges imposed by unaffiliated third parties for services other than the purchase or sale of securities. Examples of such charges include voluntary or mandatory reorganization items, expedited delivery of checks, and IRA annual maintenance fees. This is a representative list and is not meant to be a comprehensive list of all of the possible fees that may be borne by the client.

Either party may terminate the wrap fee program agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the wrap fee program agreement. After five (5) business days, clients will receive a pro-rata refund, which takes into account work completed by ACM on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the client.

ACM's advisory fee is negotiable. No increase in the fee schedule shall be effective without prior written notification to the client.

No portion of ACM's compensation is based on capital gains or capital appreciation of assets under management except as provided for under the Investment Advisers Act of 1940.

D. Fee Schedule: Financial Consulting Services

ACM offers financial consulting services on an hourly basis for \$300 per hour, which may be negotiable depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship.

For financial planning engagements, ACM may also charge a negotiable flat fee generally within the range of \$2,500 - \$5,000, the exact amount of which is dependent upon the level and scope of services. One half of the total estimated fixed fees (or a specified amount agreed by both ACM and the client) are due and payable at the time the client's agreement is executed, and the remainder of the fees are due upon presentation of a plan or the rendering of consulting services.

In the event that a client cancels a financial planning or financial consulting agreement, the client shall be billed for actual hours spent on the project times the agreed upon hourly rate.

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ACM's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, ACM shall not receive any portion of these commissions, fees, and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services. Clients are under no obligation to implement financial planning recommendations. Should these recommendations be implemented through Greg Alessandra, Mr. Alessandra will receive commissions for securities or insurance transactions.

Either party may terminate the financial planning/financial consulting agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the financial planning/financial consulting agreement. After five (5) business days, the client will receive a pro-rata refund, which takes into account work completed by ACM on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the client. In the event that ACM is compensated through a flat fee and the client terminates the agreement prior to completion of the work specified in the financial planning/financial consulting agreement, the client shall be billed for actual hours spent prior to termination times the hourly rate.

E. Additional Information Concerning Fees

All fees are subject to negotiation. Unless the client requests direct billing or the client's custodian does not facilitate the direct deduction of fees, fees are automatically deducted from the account. When fees are deducted from client accounts, ACM sends an invoice to both the client and the client's account custodian. The invoice provides details regarding calculation of the fee. On at least a quarterly basis, the client's account custodian will provide the client with account statements that show all disbursements from the client account, including any advisory fees paid to ACM.

Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

It is important to note that it is the client's responsibility to verify the accuracy of the fee calculation. The client's account custodian will not determine whether the fee is properly calculated.

All fees paid to ACM for investment advisory accounts are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a

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management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, the client may pay an initial or deferred sales charge.

ACM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to ACM's fee, and ACM shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that ACM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

A client could invest in a mutual fund directly, without the services of ACM. In that case, the client would not receive the services provided by ACM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate for the client's financial situation and objectives. Accordingly, clients should review both the fees charged by the funds and the fees charged by ACM to fully understand the total amount of fees to be paid, and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to ACM. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives, or needs change, the client must notify ACM promptly.

Persons associated with ACM may accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This practice presents a conflict of interest and gives the associated persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. When presented with such a conflict, ACM will do what is in the best interest of the client. Clients have the option to purchase investment products that ACM recommends through other brokers or agents that are not affiliated with ACM.

ACM does not maintain custody of any client funds or securities (except for the direct deduction of advisory fees), as the services of a qualified and independent custodian are used to hold client accounts.

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In performing its services, ACM is not required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on information the client provides. The client is free to accept or reject any recommendation made by ACM. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify ACM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising ACM's previous recommendations and/or services. ACM's clients are advised to promptly notify ACM if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon ACM's investment management services.

Neither ACM nor the client may assign the investment advisory agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of ACM shall not be considered an assignment.

Pursuant to CCR Section 260.235.2, ACM discloses that by offering hourly financial consulting services, a conflict exists between the interests of ACM and the interests of the client. Additionally, the client is under no obligation to act upon ACM's recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through ACM.

Pursuant to CCR Section 260.238(j), ACM hereby discloses that clients may receive the same or comparable services from other financial advisors for a lower fee.

ACM is in compliance with CCR Section 260.238(k) where ACM ***will not do the following***:

"Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

- 1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and
- (2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client."

Item 6 – Performance-Based Fees and Side-By-Side Management

ACM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) in securities accounts.

Item 7 – Types of Clients

ACM offers investment advisory services to individuals and high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other business organizations.

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

A. General Investment Strategies

ACM generally uses diversification in an effort to optimize the risk and potential return of a portfolio. More specifically, we may utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each client's portfolio selection is determined in accordance with the clients' investment objectives, risk tolerance, time horizon. ACM's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. ACM interviews our clients either in person or over the phone to gain an understanding of the client's investment experience, objectives, time horizon, risk tolerance, and any special considerations and/or restrictions the client chooses to place on the management of the account. ACM will then make portfolio recommendations that are consistent with the client's objectives, time horizon, risk tolerance, and any special considerations and/or restrictions the client chooses to place on the management of the account. We deal with any client restrictions on an account-by-account basis.

Client portfolios with similar investment objectives and asset allocation goals may own different securities, and the same security may be owned in different proportions in various accounts. Timing and tax factors may also influence ACM's investment decisions. Clients who buy or sell securities on the same day may receive different prices.

Generally, ACM reviews each client's portfolio on a periodic basis to evaluate the account's asset allocation and security positions, and rebalances the portfolios when necessary.

B. Methods of Analysis for Selecting Securities

ACM may use fundamental, cyclical, and/or technical analysis in the selection of individual securities.

Fundamental Analysis typically involves analysis of financial statements, the general financial health of companies, and /or the analysis of management or competitive advantages. Fundamental analysis is subject to interpretation and often results in conflicting conclusions about the merits or risks of investing in a security. There is no assurance that fundamental analysis will result in profits in a client's account.

Cyclical Analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Business cycles may change abruptly and may be difficult to discern because of regional differences and opposing concurrent business trends of different time periods. There may be cycles, counter cycles, and cycles within cycles. For these reasons, cyclical analysis is subjective, and there is no assurance that it will result in profits in a client's account.

Technical Analysis involves the analysis of market activity, such as past prices and volume through the study of charts and data. Technical analysis does not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify past patterns that can suggest future activity. ACM uses this charting technique to search for patterns in an effort to predict favorable conditions for buying and/or selling a security. The profitability of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by ACM. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernable trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them. Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market. There is no assurance that technical analysis will result in profits in a client's account.

In analyzing mutual funds, ACM may use various sources of information including data provided by Morningstar, Bloomberg, the fund company's website, and other online resources as needed. We review key characteristics such as historical performance, consistency of returns, risk level, portfolio holdings and size of the fund. Mutual fund analysis relies to a great extent on analysis of the past performance of the fund and past performance does not guarantee future results. There can be no assurance that Mutual fund analysis will result in profits in a client's account.

C. Specific Investment Strategies for Managing Portfolios

ACM may use tactical asset allocation, cash as a strategic asset, long-term holding, short-term trading, trend, defensive, leverage, and/or inverse/enhanced market strategies in the construction and management of client portfolios.

Tactical Asset Allocation: ACM may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong

market sectors or to avoid perceived weak sectors. Once ACM achieves the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

Cash as a Strategic Asset: ACM may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. ACM makes no guarantees, promises, or warranties as to the accuracy of our market analysis.

Long-term Holding/Short-term Trading: ACM does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase. However, price fluctuations and other factors may cause us to sell a security for a client when the client has held the position for less than 30 days.

Trend Strategies: Under some market conditions ACM manages client assets in a manner that attempts to identify a trend and make one or more investments that would benefit from the continuation of the trend. Because trends can be difficult to identify and because they can end abruptly without warning, there can be no assurance that a trend strategy will result in profits in a client's account.

Defensive Strategies: If ACM anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients' accounts by investing substantially in fixed income securities and/or money market instruments. ACM invests client accounts and determines allocations using our discretion. Actual allocation will vary over time in accounts. Account allocations are likely to vary significantly compared to the overall equity markets as well as compared to any particular benchmark. Because the timing of future market conditions cannot be predicted with accuracy, defensive strategies do not assure profits and nor do they assure the mitigation or elimination of losses.

Leverage: Occasionally ACM may use leveraged Exchange Traded Products in an effort to increase portfolio returns in aggressive portfolios. We determine the amount of leverage to employ and the precise techniques to use based on each client's risk tolerance and overall financial situation, as well as current and anticipated future market conditions. While the use of leverage can increase returns, it can also magnify losses. There is no guarantee that the use of leveraged Exchange Traded Products will increase returns, result in profits, or mitigate losses.

Inverse/Enhanced Market Strategies: ACM may also use leveraged 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 one 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; or 2. Enhanced relationship to certain market indices (at a rate of one or more times the actual result of the corresponding index) as an investment strategy and/or in an effort to increase gains in an advancing market. There can be no assurance that any such strategy will be profitable or successful.

D. General Risk of Loss Statement

Prior to entering into an agreement with ACM, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are currently unneeded and available to ACM for investment on a long-term basis. This is typically a minimum of five to seven years.

E. Specific Security Risks

General Risks of Owning Securities: The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Currency, interest rate, and commodity price fluctuations may also affect security prices and income. There may be any number of unforeseen events or conditions that could have an adverse effect on a client's portfolio. It is not possible to list comprehensively the factors that may preclude profits and/or create losses in investment portfolios and ACM disclaims responsibility for these situations and for any perceived failure to anticipate these situations.

Exchange Traded Funds (ETFs): An ETF is a type of Investment Company (usually, an open - end fund or unit investment trust) containing a basket of stocks that usually tracks a specific index or sector. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

Exchange Traded Notes (ETNs): An ETN is a senior, unsecured, unsubordinated debt security by an underwriting bank whose primary objective is to achieve the same return as a particular market index. Similar to other debt securities, the credit of the issuer is the only backing for ETNs, which have a maturity date. Although performance contractually

ties to whatever index the ETN is intended to track, ETNs do not have any assets, other than a claim against their issuer for payment according to the terms of the contract. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETNs trade throughout the day on an exchange. ETNs, as debt instruments, are subject to risk of default by the issuing bank as counter party. This is the major design difference between ETFs and ETNs: ETFs are only subject to market risk whereas ETNs are subject to both market risk and the risk of default by the issuing bank.

Mutual Funds: (Open end Investment Company) A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short - term money - market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include:

- **Professional Management:** Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities that the fund purchases.
- **Diversification:** Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.
- **Affordability:** Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.
- **Liquidity:** At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages:

- **Costs Despite Negative Returns:** Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

- **Lack of Control:** Investors typically cannot ascertain the exact make - up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Price Uncertainty:** With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Different Types of Funds: When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

- **Money Market Funds:** Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short - term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.
- **Bond Funds:** Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short - term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include:
 - **Credit Risk:** There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

- *Interest Rate Risk:* There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer - term bonds tend to have higher interest rate risk.
- *Prepayment Risk:* Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.
- **Stock Funds:** Although a stock fund’s value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. This is true for corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons— such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:
 - *Growth Funds:* Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.
 - *Income Funds:* Income funds invest in stocks that pay regular dividends.
 - *Small Cap Funds:* Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger blue - chip companies are. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.
 - *Mid Cap Funds:* Funds that invest in companies with smaller market capitalizations involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.
 - *Index Funds:* Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all—or perhaps a representative sample—of the companies included in an index.
 - *International Funds:* International investments are subject to additional risks, including currency fluctuation, political instability, and potential illiquid markets.
 - *Emerging Market Funds:* Funds that invest in foreign securities involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.
 - *Sector Funds:* Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks. Funds that

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invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry - specific risk. For example, products of companies that technology funds invest in may be subject to severe competition and rapid obsolescence.

- *REIT Funds:* REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate - related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long - term mortgage loans. REIT investments include illiquidity and interest rate risk.
- *Real Estate Funds:* Investments in real estate funds are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk, and diversification risk.
- *TIPS Funds:* Treasury Inflation Protection Securities (TIPS) are inflation - indexed securities structured to remove inflation risk. ACM does not utilize individual TIPS, but may recommend mutual funds and exchange traded funds that include TIPS within the underlying fund holdings.

Tax Consequences of Mutual Funds: When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

Closed-end Funds: Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed - end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed - end fund investing. Not every risk factor in this list will pertain to each closed-end fund.

- **Market Risk:** Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a trust/fund may be worth less than the original investment.
- **Valuation Risk:** Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, and could either dilute positive

performance or compound negative performance. There is no assurance that discounted funds will appreciate to their NAV.

- **Interest Rate Risk:** Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income - related instruments in a fund's portfolio will decline in value because of increases in market interest rates. The prices of longer - maturity securities tend to fluctuate more than shorter - term security prices.
- **Credit Risk:** One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income - related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.
- **Concentration Risk:** A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.
- **Reinvestment Risk:** Income from a trust/fund's bond portfolio will decline when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.
- **Leverage Risk:** The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short - term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.
- **Foreign Investment Risk:** Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange - rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.
- **Alternative Minimum Tax (AMT):** A trust/fund may invest in securities subject to the alternative minimum tax.
- **Fluctuating Dividends in Actively Managed Portfolios:** The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. There is no guarantee of dividends from these common stocks. Fluctuations in dividend levels over time, up and down, are to be expected.
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Unit Investment Trust (UITs): Unit Investment Trusts make a one-time public offering of only a specific, fixed number of redeemable securities called “units.” These units terminate and dissolve on a date specified at the creation of the UIT. Each unit of the UIT represents a pro rata share of a diversified portfolio of securities. Diversification can help minimize the credit risks of individual securities within the portfolio. Some fixed income UITs may concentrate in bonds of a particular type of issuer and are therefore less diversified and subject to greater risk than a more diversified portfolio.

In general, fixed income UITs are either insured or rated investment grade. Investors may pay a sales charge or load when they purchase units (also known as a “front-end sales load”) or a deferred or “backend” sales charge when redeeming units. UITs that charge front - end sales loads sometimes offer discounts on the sales load based on the dollar amount or number of units purchased. The UIT discount breakpoints are substantially similar to breakpoint discounts in the sale of mutual fund shares. Most fixed income UITs generally require a minimum investment of \$5,000. Most equity UITs require a minimum investment of \$1,000. There are three basic types of UITs:

- **Taxable Fixed Income:** Taxable fixed income UITs include portfolios of U.S. Treasury, U.S. agency, and corporate issues that provide monthly, quarterly, or semi - annual income.
- **Tax Advantaged Fixed Income:** Tax advantaged fixed income UITs include portfolios of municipal bonds that provide monthly or semiannual tax - free income. A portion of the interest they generate may be subject to state or local taxes. In addition, some taxpayers may be subject to federal or state alternative minimum taxes for portions of the income earned from these UITs. Investors should consult a tax professional regarding their individual tax situation.
- **Equities:** Equity UITs include portfolios of equity securities that provide potential for capital appreciation and/or income.

Features and Risks of UITs may include:

- **Liquidity:** With a few exceptions, an investor can sell a UIT at its liquidation price in the secondary market. Like mutual funds, UITs have a public offering price (POP) and a net asset value (NAV).
- **Scheduled Distributions:** Issuers design fixed income UITs to pay a consistent distribution amount each payment period but the distribution amount does change as each bond in the trust retires and repays its capital investment. Because of changing interest rates, refundings, or defaults on the underlying securities held in the UIT portfolio, and other factors, distribution amounts may fluctuate.
- **Scheduled Maturity:** As with shares of mutual funds, unit prices of UITs fluctuate daily and there is no guarantee that the price, when redeemed, will equal or exceed the purchase price. Since fixed income UIT portfolios are fixed,

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investors can easily review the specifics on each security and determine when to expect returns on their investment capital.

- **Insurance:** Issuers insure many UITs for the timely payment of interest and principal. These UITs usually carry a lower yield than uninsured UITs because of the cost involved in purchasing this insurance by the sponsor.
- **No On - Going Management:** While the lack of management fees is one reason investors are attracted to UITs, and while intensive research goes into the original selection of the securities, holding a security that does not provide ongoing management may be disconcerting to an investor.
- **Interest Rate Risk:** Fixed Income UITs are susceptible to fluctuations in interest rates. If interest rates rise, bond prices within the UIT and the value of each unit will decline despite the lack of change in bond coupons and maturities.
- **Call Risk:** If any of the bonds within a UIT are called, the par value of the UIT will drop and the unit holder will directly receive the principal payment just like a regular bond. Unlike a mutual fund, which buys additional bonds when a bond it holds is called or matures, a UIT pays the proceeds directly to the unit holders. There is no reinvestment.
- **Resale Risk:** There are some cases when an investor cannot sell a UIT unit. If the UIT is at the end of its life and the price per unit is very low, or if it no longer has an offering price, then it is likely that the sponsor will no longer accept liquidations on the trust. Units sold prior to maturity may be subject to a gain or loss.
- **Concentration Risk:** Some fixed income UITs may concentrate in bonds of a particular type of issuer and are therefore less diversified and subject to greater risk than a more diversified portfolio.

Equity Securities: Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Debt Securities: (Bonds) Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

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Real Estate Investment Trusts (REITs): REITs primarily invest in real estate or real estate - related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long - term mortgage loans.

Investing Outside the U.S.: ACM may invest in ETFs/mutual funds that hold issues of foreign countries. Investing outside the United States may involve additional risks. These risks may include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Cash and Cash Equivalents: Client accounts may hold cash or invest in cash equivalents, which are the most liquid of investments. Cash and cash equivalents are considered very low - risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles. .

Item 9 – Disciplinary Information

ACM does not have any disciplinary information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Gregory Alessandra, and George Johnson are both separately registered as representatives of First Allied, a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). The rules of FINRA require First Allied to supervise the outside securities activities, such as investment advisory services, of its representatives. To meet this obligation, First Allied will place a number of restrictions on the personal trading activities of Messrs. Alessandra and Johnson.

Gregory Alessandra and George Johnson are registered representatives of First Allied, a registered broker-dealer and investment adviser. Messrs. Alessandra and Johnson provide brokerage services for clients of ACM after obtaining (where required) the prospective approval of its clients. Unless otherwise directed by a client with respect to such client’s account, ACM directs the securities transactions for its advisory clients through First Allied. ACM provides its investment advisory services on an asset plus commission-based fee basis, or, upon agreement with the client, on an asset-based fee basis, in which case its client will not pay separate

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brokerage commissions. ACM believes that it provides best execution for those client transactions it effects through First Allied. Messrs. Alessandra and Johnson personally receive reasonable but customary brokerage commissions and 12 b 1 fees for transactions directed to First Allied by ACM. Therefore, each of them, and hence ACM, may be considered to have a conflict of interest with the interests of advisory clients in this regard because they will benefit financially from directing brokerage transactions of advisory clients to First Allied, particularly if broker-dealers other than First Allied could provide better prices or service for those services. ACM may earn referral fees for introducing clients to other investment advisers participating in wrap programs sponsored by broker-dealers. In such cases, this practice is disclosed in writing to the client.

ACM and E-Futures, a division of Penson Futures, a futures commission merchant registered with the Commodity Futures Trading Commission ("FCG"), have entered into a Guaranteed Introducing Broker Agreement pursuant to which ACM solicits and accepts orders for the purchase and sale of commodity futures contracts and options from certain clients. Commodity clients open and hold their account with E-Futures/Penson Futures and ACM executes all of the futures/options orders it receives from its commodities clients through E-Futures/Penson Futures.. ACM receives a portion of the gross commissions being charged by E-Futures/Penson Futures.

ACM is also engaged in discretionary trading of some of its clients' managed futures accounts. ACM receives for this service a combination of commissions, annual asset-based fees and/or an incentive fees based on new profits generated within an account.

Item 11 – Code of Ethics

ACM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ACM must acknowledge the terms of the Code of Ethics annually, or as amended.

ACM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ACM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ACM, its affiliates and/or clients, directly or indirectly, have a position of interest. ACM's employees and persons associated with ACM are required to follow ACM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ACM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ACM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ACM will

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not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of ACM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between ACM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ACM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ACM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

ACM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Greg Alessandra.

It is ACM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. ACM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

When First Allied receives brokerage commissions in connection with effecting advisory client transactions, ACM follows a policy of full disclosure and the commission charges are competitive with the rates the client could have obtained if the transaction had been executed through another broker. ACM believes that it is able to reduce commission charges overall by using the brokerage capabilities of First Allied.

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The Role of “Research” and Other Products and Services: “Research” products and services provided to ACM may include research reports on, or recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance to ACM in the performance of its investment decision-making responsibilities.

Before placing orders with a particular broker, ACM generally determines, considering all the factors described here, that the commissions to be paid are reasonable in relation to the value of the brokerage and research products and services provided by that broker-dealer. In making that determination, ACM may consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services in ACM’s performance of its overall responsibilities to all of its clients. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. And in some cases, a client’s transactions may be executed by a broker in recognition of services or products that are not used in managing that client’s account.

Where a particular service or product that a broker or dealer is willing to provide for soft dollars has not only a “research” application, but is also useful to ACM for non-“research” purposes, ACM may allocate the cost of the product or service between its “research and non-“research” uses and pay only the “research” portion with soft dollars. ACM’s interest in making such allocations may differ from clients’ interests in that ACM has an incentive to designate as great a portion of the cost as “research” as possible in order to permit payment with soft dollars.

Amount of Payment: When a broker-dealer provides research or other products or services in expectation of brokerage business, it generally suggests the level of business it would like to receive as compensation. In making its brokerage selections, ACM considers those suggestions as of its evaluation of the factors described above. Actual transactional business received by a particular broker or dealer during any period may be less than the suggested level, but may – and ACM expects that it often does – exceed that level. This may be in part because the total brokerage business generated by clients may exceed the aggregate amounts requested by all brokers and dealers from which ACM receives services and products, and in part because the brokers and dealers that provide such services and products may also provide superior execution and may therefore be the most appropriate broker-dealers for particular transactions regardless of whether or not they provided such services and products. In other cases, a broker or dealer may establish “credits” based on brokerage commissions paid in the past, which may be used to pay, or reimburse ACM, for specified expenses. Brokers and dealers will not be excluded from consideration of receiving brokerage business simply because they have not provided “research” or other services or products, although ACM might not have been willing to pay had the broker provided research products and services.

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Review. ACM monitors transaction results as orders are executed to evaluate the quality of execution provided by various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

Referrals. In addition to the factors described above, for clients not governed by ERISA, ACM may select a broker or dealer to execute transactions in recognition of that broker's or dealer's referral of clients, or in anticipation of future referrals. As with soft dollar payments for research or other services or products, in some cases the transaction compensation paid in connection with such a selection might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals. However, ACM always seeks "best execution." Awarding transaction business to broker-dealers in recognition of past or future referrals, may involve an incentive for ACM to cause clients to effect more transactions than they might otherwise do in order to stimulate more referrals.

Relationship with First Allied Securities, Inc.

ACM benefits from First Allied's administrative services. As discussed above, ACM executes a substantial portion of its advisory clients' brokerage transactions through First Allied. Because ACM's expenses would likely increase considerably without this relationship with First Allied, this relationship might be considered a "soft dollar" relationship. Under Section 28(e) of the Securities and Exchange Act of 1934, an investment adviser's use of client commission dollars to acquire "research" and "brokerage" products and services is not a breach of an investment adviser's fiduciary duty to clients – even if the brokerage commissions paid are higher than the lowest available as long as (among certain other requirements) the investment adviser determines that the commissions are reasonable compensation for both the brokerage services and the research acquired.

First Allied may suggest a level of future business in order to continue this relationship. ACM's execution of securities transactions through First Allied may be less than the suggested level but can – and often does – exceed that level. This relationship may create an incentive for ACM to cause its clients to effect more transactions through First Allied than it might otherwise do in order to meet suggested levels.

Aggregation of Orders

ACM performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by ACM, some of which accounts may have similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when ACM believes that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, ACM attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13 – Review of Accounts

ACM manages portfolios on a continuous basis. Gregory Alessandra, Managing Member, Portfolio Manager and Chief Compliance Officer, and/or George Johnson, Portfolio Manager, will generally review all accounts no less frequently than weekly or monthly. The frequency of reviews is determined by many factors including the client's individual circumstances, economic conditions, general factors affecting the stock market, the nature of the portfolio, or other factors.

Managed Account Review Meetings: We offer account review meetings to clients on an annual basis. Clients may choose to receive reviews in person, by telephone, or in writing. Greg Alessandra and George Johnson conduct all managed account reviews. They conduct reviews individually or as a team based on each client's relationship with ACM. The factors that determine the frequency of client review meetings include but are not limited to stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations;
4. Material cash deposits or withdrawals; and
5. Purchase or sale of a security in the account.

Account Reporting:

Clients will receive written transaction confirmations for purchases and sales, as well as written quarterly statements from their account custodians. Unrealized gains/losses and performance reports are created by a computer system provided by First Allied and mailed from Alessandra Capital Management, LLC. The management fee bills are created by and sent from Alessandra Capital Management, LLC.

The custodian sends a statement that includes an accounting of all holdings and transactions in the account for the reporting period on at least a quarterly basis. Provided there is activity in an account, these statements are oftentimes monthly in frequency, but in no case should they be sent less frequently than quarterly. The custodian offers the client the option to receive their statements and confirmations electronically by agreement instead of in writing through the mail.

In addition, ACM generally provides written reports detailing performance in client accounts on a quarterly basis. ACM may also provide additional reporting as agreed upon by ACM and the client on a case-by-case basis.

Item 14 – Client Referrals and Other Compensation

From time to time, ACM may make professional referrals to professionals who refer clients to ACM.

If a solicitor introduces a client to ACM, we 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

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securities law requirements. Any affiliated solicitor of ACM will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure.

ACM does not currently utilize unaffiliated solicitors.

Outside Compensation:

ACM may refer clients to unaffiliated professionals for specific needs. ACM does not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. ACM does not receive reciprocal referrals from the professionals we refer. If we receive reciprocal referrals in the future, we will amend this brochure to include any perceived or actual conflicts of interest.

ACM only refers clients to professionals we believe are competent and qualified in their field. However, it is ultimately the client's responsibility to review the provider. We will generally provide the client with the professional's contact information, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and we have no control over the services they provide. Clients that choose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by ACM. If the client desires, ACM will work with these professionals or the client's other advisers (such as an accountant or attorney) to help ensure that the provider understands the client's portfolio and to coordinate services for the client. ACM will never share information with an unaffiliated professional unless first authorized by the client.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. ACM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Clients with any questions about your statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive statements from the qualified custodian at least quarterly should also notify us

With client consent, ACM may cause fees to be paid out of individual managed accounts by the client's custodian. When it does so, ACM sends the client an invoice showing the amount of fees, the value of the assets on which they are based, and computation concurrently with billing the custodian.

Item 16 – Investment Discretion

ACM has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected:

- (A) Which securities are to be bought or sold;
- (B) The total amount of the securities to be bought or sold;
- (C) Through which broker securities are to be bought and sold; and
- (D) The commission rates at which securities transactions for client accounts are effected.

Unless otherwise specifically directed by a client with respect to its account, ACM directs the securities transactions for its advisory clients through First Allied, a registered broker-dealer, for which Messrs. Alessandra and Johnson are registered representatives. (see Item 10 above)

ACM's authority may be subject to conditions imposed by the client, examples of which may include: 1) where the client restricts or prohibits transactions in securities of a specific industry, and/or 2) the client directs that transactions be effected through specific brokers and dealers. The latter restriction may be conditioned by the client on the broker or dealer being competitive as to price and execution for each transaction, or offering a specified level of commission discount or may be subject to varying degrees of restrictions such as an instruction to utilize the broker or dealer: a) whether or not competitive, and b) where the specified levels of commission discounts are less favorable than might otherwise be obtained by the firm.

Clients grant us this discretionary authority in the contracts they sign with us. Investment guidelines and restrictions must be provided to **ACM** in writing.

Item 17 – Voting *Client* Securities

Proxy Voting: ACM does not accept or have the authority to vote client securities. ACM will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ERISA: For accounts subject to ERISA, an authorized plan fiduciary other than ACM will retain proxy voting authority. Our investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

Mutual Funds: The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

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Class Actions: ACM does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

Item 18 – Financial Information

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. ACM does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.