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**ADV Part 2A Brochure**

**March 31, 2011**

**This brochure provides information about the qualifications and business practices of Albemarle Asset Management, Ltd., or Albemarle. If you have any questions about the contents of this brochure, please contact us at (561) 789-3171. 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 Albemarle also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Item 2    Material Changes  
          Not Applicable

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Item 4     Advisory Business

- A.     Albemarle Asset Management Ltd., or Albemarle, is an investment advisory firm that primarily provides integrated investment and estate planning advice to high net worth individuals. Albemarle has been in business since 2002. Joseph Erdman owns Albemarle. Albemarle has its principal place of business in Florida and a seasonal place of business in Virginia. Joseph Erdman uses the Florida location for a majority of the calendar year and the Virginia location for a part of the year.
- B.     In addition to managing and allocating assets within a portfolio, Albemarle advises clients on wealth transmission, gift and estate taxation and retirement planning.
- C.     Albemarle determines overall asset allocation in consultation with the client. Albemarle tailors the overall asset allocation to the age, specific needs and instructions of the client, including expressed client preferences for emphasis in their portfolio. Albemarle generally does not handle discretionary accounts where the client imposes limitations on investing in particular types of securities.
- D.     Albemarle does not participate in any wrap fee programs.
- E.     As of March 30, 2011, assets under management were \$90,091,703, consisting of \$28,367,240 as to which Albemarle had discretionary authority and \$61,724,463 as to which Albemarle did not have discretionary authority.

Item 5     Fees and Compensation

- A.     Albemarle generally charges clients an annual fee based on assets under management as follows:
  - 1% on the first \$4 million of assets under management
  - .75% on the next \$4 million of assets under management

- .5% on the excess of assets under management over \$8 million and up to \$10 million.

-.25% on the excess of assets under management over \$10 million.

Albemarle computes assets under management based upon all accounts managed for a client, and related accounts, such as accounts managed for family members of the client. Albemarle's fees may be discounted in special situations.

- B. In most cases, the custodian calculates Albemarle's fees and deducts them from the client's account after Albemarle notifies the client of the amount. In a number of cases the client prefers to pay Albemarle by check.
- C. Albemarle does not charge additional fees for wealth transmission, gift and estate taxation or retirement planning. Clients enter into custodial agreements directly with a trust company or bank which in turn charges fees pursuant to that agreement. Clients also incur brokerage costs, see Item 12, Brokerage Practices.
- D. Albemarle's annual management fee is computed quarterly in arrears.
- E. Albemarle does not accept compensation for the sale of securities or other investment products.

Item 6 Performance Based Fees and Side by Side Management

Albemarle does not receive compensation based on a share of capital gains or on capital appreciation of assets.

Item 7 Types of Clients

Albemarle's clients are primarily high net worth individuals as well as a few selected charitable organizations.

Item 8     Methods of Analyses, Investment Strategies and Risk of Loss

- A.     Methods – Albemarle’s main investment strategy consists of asset allocation among equities, bonds, exchange traded funds, index funds and cash or cash equivalents.

Once overall allocation has been determined in consultation with the client, Albemarle seeks out companies that have strong balance sheets, reasonable price levels relative to their rates of return on equity and predictable top line and bottom line growth.

Albemarle also seeks companies whose stocks exhibit relatively strong technical characteristics. Put another way, Albemarle seeks “reasonable growth” at “reasonable prices.” Albemarle tends to avoid momentum investing. In a number of instances; Albemarle will add the stock of a less well known company to a portfolio because of its special characteristics. Albemarle may hold a stock for a long period of time and patience is often required before the full potential of the investment may be realized.

Albemarle’s emphasis on asset allocation may be the single most critical consideration in a portfolio’s performance over the long term. Accordingly, in addition to specific stock and bond recommendations, Albemarle places a great deal of effort into building portfolios structured across a range of assets intended to meet clients’ individualized long term investing, income, and capital needs. Intelligent investing in a dynamic world also requires exposure to global opportunities and Albemarle does not limit its portfolios solely to North American exposure.

Investing in securities involves the risk of loss, and clients should be prepared to bear losses taking place in their account.

- B.     Risks – Albemarle tends to take a more risk adverse approach in client portfolios than many investment advisers. From time to time cash or cash equivalent holdings may be

disproportionately higher than the average portfolio. As a result, there is a risk that Albemarle's strategy will perform better than many others in a down market and not as well as many others in robust market upturns. Albemarle's portfolios are also subject to the following risks.

**Loss of Capital** – All securities investments involve the risk of the loss of capital. The market value of a security may increase or decrease over time. These fluctuations can cause a security to be worth less than the price originally paid for it or less than it was worth at an earlier time. Market risk may affect a single issue, an entire industry or the market as a whole. Although Albemarle believes that its investment program will moderate this risk to some degree through a diversification of asset classes, Albemarle does not represent or guarantee that the program will be successful.

**Volatility of Financial Markets** – During the last several years, the financial markets have evidenced a high level of volatility. Enhanced volatility, market turmoil and the credit crisis are factors that may exacerbate volatility of the financial markets. Continued volatility could impact a client portfolio's investment strategy. If the evaluation of an opportunity should prove to be incorrect, Albemarle's clients could experience losses as a result of a decline in the market value of the securities held in portfolios. Albemarle cannot predict the timing of these adverse impacts.

**Foreign Investments** - Foreign investments involve certain special risks, including risks associated with political and economic developments, higher operating expenses, foreign withholding and other taxes that may reduce investment return, possibility of expropriation of assets, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform

accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. issuers. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies and the possible imposition of currency exchange blockages. Securities of foreign issuers may be less liquid and their prices more volatile than those of securities of comparable domestic issuers. Transaction costs for foreign securities are generally higher than in the United States. Exchange controls and tax or other regulations (currently applicable or introduced in the future) may affect the value and marketability of, and the returns derived from, the foreign investments.

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Allocation Risk – The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk - When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. Even in investments that may offset inflation risk, financial risk or credit exposure may be present.



Reinvestment Term Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (for example a lower interest rate). This Risk primarily relates to fixed income securities.

Business Sector Risk: These risks are associated with a particular industry or a particular company within an industry.

- C. Albemarle does not primarily recommend any one type of security.

Item 9 Disciplinary Information

Albemarle has not been involved in any disciplinary events or proceedings.

Item 10 Other Financial Industry Activities and Affiliates

- A. Albemarle is not registered as a broker-dealer.
- B. Albemarle is not registered as a commodity pool operator or commodity trading adviser.
- C. Albemarle has no other financial industry activities or affiliations.
- D. Albemarle does not receive compensation for recommending or selecting other investment advisers.

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

- A. Code of Ethics – Albemarle’s Code of Ethics is in writing and is contained in its Compliance Manual. The Code of Ethics provides that Albemarle has an affirmative duty of loyalty to its clients, which means, in plain English, that Albemarle must always act in the best interests of its clients and deal fairly with them. The Code of Ethics provides that Albemarle needs to have a reasonable independent basis for investment advice and that investment advice needs to be suitable to the client’s objectives, needs and circumstances. The Code of Ethics also provides that

- Albemarle must provide advice that is in the client's best interest and must not place its interests ahead of the client's interests under any circumstances.
- Albemarle must make appropriate disclosures when dealing with clients including disclosure of any potential or actual conflicts of interest.
- Albemarle will treat records and financial information with strict confidentiality.
- Albemarle strictly prohibits engaging in any fraudulent or deceitful conduct with clients or potential clients.

Albemarle's Code of Ethics also requires compliance with all applicable laws, regulations and other legal provisions, including securities laws and regulations.

B. Client Transactions Where Adviser has a Material Financial Interest. Albemarle does not recommend to clients, or buy or sell for client accounts, securities in which Albemarle has a material financial interest.

C. + D. Investment in Same Securities. Investment in Recommended Securities. Joseph Erdman sometimes

- invests in the same securities (or related securities) that Albemarle recommends to clients.
- recommends securities to clients and buys or sells securities for clients, at or about the same time as he buys or sells the same securities for his own account.

These situations present a potential conflict of interest because trades by Joseph Erdman could have an adverse impact on prices available to clients. For this reason, Joseph Erdman executes his trades after client trades.

## Item 12 Brokerage Practices

### A.

1. Research and Soft Dollar Practices. Albemarle does not receive research or other products (other than execution) from a broker-dealer or third party in connection with client securities transactions.
2. Brokerage for Client Referrals. Albemarle does not select or recommend specific broker dealers.
3. Directed Brokerage
  - a. Albemarle does not select or recommend specific broker dealers.  
Albemarle recommends that its clients execute transactions through the client's independent custodian.
  - b. Albemarle permits clients to direct brokerage, but all clients have chosen to use their custodian.

- B. Aggregation. Albemarle has adopted trading policies that are intended to insure that all trades are undertaken and, where necessary, allocated to advisory clients in a manner that fulfills our fiduciary obligations to each advisory client and otherwise allocates securities on a basis that is fair, equitable, consistently applied, and does not unfairly discriminate against any advisory client. Instances where allocation may be necessary, include without limitation; block trades, bunching client trades, simultaneous transactions in securities for advisory clients and the firm (or the employee of the firm), and disposition of unattractive securities (e.g., a downgraded security). When allocation is necessary, securities shall be apportioned among advisory clients and others in accordance with Albemarle's trading policies and

otherwise as directed by Joseph Erdman, our Chief Compliance Officer, or CCO. In determining whether an allocation is fair, the CCO takes into account Albemarle's fiduciary duties to each client; potential conflicts of interest; the facts and circumstances presented in each instance, each client's individual investment objectives, mandates and suitability to participate in the transaction and any other considerations which, in the sole judgment of the CCO, are relevant and material to the overall goal of allocating securities on a fair and equitable basis.

Block trading (bunching transactions) is permitted where the following conditions are met:

1. Orders of two or more clients may be bunched only if Albemarle has determined, on an individual basis that the securities order is:
  - a. in the best interests of each client participating in the order; and
  - b. consistent with the terms of the investment advisory agreement of each participating client.
2. Any investment by one client shall not be dependent or contingent upon the willingness or ability of another client to participate in such transaction.
3. Documentation relating to the transaction shall be generated and maintained for each client participating in the bunched trade.
4. The terms negotiated for the bunched transaction should apply equally to each participating client.
5. The allocation of securities purchased or sold in a bunched trade must be made in accordance with Albemarle's allocation procedures.

6. The price of the securities purchased or sold in a bunched transaction shall be at the average share price for all transactions of the clients in that security for that given order, with all transaction costs shared on a pro rata basis.

Item 13 Review of Accounts

- A. Albemarle reviews all accounts on a continuous basis.
- B. Joseph Erdman is familiar with the content of each client portfolio and conducts these reviews
- C. The vast majority of clients have internet access to their account information. Albemarle urges clients to compare this information to the information received from their custodian.

Item 14 Client Referrals and Other Compensation

- A. Albemarle does not receive economic benefit from non-clients for providing investment advice or other services to clients.
- B. Albemarle does not provide compensation for client referrals.

Item 15 Custody

Client funds and securities are held by “qualified custodians”, within the meaning of the custody rule, selected by the client. These custodians provide account statements directly to clients monthly and in some smaller family accounts at least quarterly.

Item 16 Investment Discretion

Albemarle accepts discretionary authority and has discretionary authority for a number of clients. Albemarle generally does not handle accounts on a discretionary basis where the client may limit this discretionary authority as to types of securities or specific securities. The written advisory agreement with the client specifies whether

Albemarle has discretionary authority, and when the account is discretionary, the client and the custodian generally make arrangements to permit Albemarle to exercise that authority.

Item 17 Voting Client Securities

Albemarle does not vote proxies for clients.

Item 18 Financial Information

Albemarle does not believe that it has any financial impairment that will preclude Albemarle from meeting contractual commitments to clients.