

BROCHURE OF
REGISTERED INVESTMENT ADVISERS, LLC

A Delaware Limited Liability Company currently registered as an Investment Adviser
with the Securities and Exchange Commission which is
seeking to switch its registration to the State of New York
(SEC No. 801-62633)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF REGISTERED INVESTMENT ADVISERS, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 516-656-3636.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR THE STATE OF NEW YORK, NOR ANY OTHER STATE SECURITIES AUTHORITY HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT REGISTERED INVESTMENT ADVISERS, LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The Date of this Brochure is

March 30, 2011

The delivery of the brochure ("Brochure") at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This brochure will supersede all other documents containing information about our firm.

Item 2

Material Changes to Brochure

There are material changes to report regarding our advisory business since our last annual amendment filing in 2010. The ADV Part 1 and 2 were updated to reflect this information and were filed in February 2011.

The Securities and Exchange Commission has brought a civil enforcement action against Registered Investment Advisers LLC and its affiliates. See Items 9 and 19 in this document for additional information related to this pending litigation.

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I. Part 2A – DISCLOSURE ITEMS ABOUT FIRM

Item 4. Advisory Business:

(A) **Operational and Organizational Information:** Registered Investment Advisers LLC (“Firm”) is an investment adviser currently registered with the Securities and Exchange Commission (“SEC”). Firm is applying to switch its registration to the State of New York. As stated on the cover page of this brochure, registration as an investment adviser does not imply a level of skill or training. Firm was organized as a limited liability company in Delaware in December 2003. The principal owner of Firm is Warren D. Nadel. An affiliate of Firm is Warren D. Nadel & Company (“WDNCO”), an SEC registered broker-dealer and FINRA member firm and a Commodity Trading Advisor and Introducing Broker registered with the National Futures Association.

(B) **Types of Advisory Services Offered:** Firm manages client funds in discretionary segregated accounts and does not plan to produce any publication or report on a subscription basis or for a fee.

Firm specializes in investing in nonconvertible utility preferred stock securities. Please review Firm’s investment guidelines, specified below under “Client Investment Guidelines and Parameters.”

(C) **Client Investment Guidelines and Parameters:** Firm provides discretionary investment advisory services. In connection with managing the investments of its clients, such client’s investment management agreements provide investment guidelines and parameters that provide the context within which Firm renders its investment management services. The services provided by Firm will consist of managing client accounts in accordance with a proprietary strategy (the “Dividend Capture Strategy”) designed to maximize dividends from short-term holdings of preferred stock while qualifying such dividends for the “dividends received deduction” (Section 243 of the Internal Revenue Code of 1986) available to ‘C’ corporations and for individuals (Tax Act of 2003 - maximum tax rate of 15%) concurrently attempting to preserve principal while hedging long preferred stock positions to minimize risk to market and interest rate fluctuations. Such services are considered to be primarily suitable for corporations and financially knowledgeable individuals subject to federal income tax having not less than \$1 million in funds devoted to Firm’s strategy.

Firm's disciplined strategy relies upon hedged, long positions in dividend-paying preferred stock held at least 46 days for the corporate client and 61 days for individuals; if the positions are sold sooner, the stocks owner will not be entitled to benefit from the tax exclusion on dividends received for federal income tax purposes. On the other hand, the fundamental goal is to maximize qualifying tax preferential dividend income by turning over the dividend-paying stock positions as frequently as possible while attempting to preserve principal. Therefore, Firm will be buying and selling according to a rigorous timetable. The primary reason why a client would place funds in Firm's discretionary strategy is for the possibility of earning income having a substantially reduced tax obligation.

- (D) **Wrap Fee Programs:** Firm does not participate in wrap fee programs.
- (E) **Client Assets Under Management:** (*rounded to the nearest \$100,000*)
 - (i) Discretionary: \$2,200,000 as of December 31, 2010.
 - (ii) Non-discretionary: None.

Item 5. Fees and Compensation:

- (A) **Generally:** All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other performance/incentive fee arrangements with the client.

Management fees for clients are calculated based on of the value of the assets under management.

- (B) **Payment of Fees:** Firm expects to charge management fees in accordance with the following schedule:

Capital Invested Fee Rate

\$ 1mm-\$10mm	1.7500%
\$10mm - \$25mm	1.50%
\$25mm - \$50mm	1.250%
\$50mm +	1.000%

The fee amount will be determined by multiplying the prior month's ending market value (inclusive of any 'unrealized

dividends') of investment assets as shown in the client's monthly "Cumulative Performance Report" or the custodian value, whichever is lower, multiplied by the applicable annual percentage rate times the actual number of days in the particular month divided by the actual number of days in the current year. This fee shall be payable in monthly installments upon receipt of an invoice issued by Firm and presented to the client. Monthly periods will begin and end concurrent with that of the regular calendar month. Upon termination of this agreement, the appropriate fee for any partial month will be determined by applying the ratio of days elapsed in the calendar month to the total number of days in that calendar month multiplied by the regularly computed full monthly fee.

(C) **Additional Fees and Expenses:**

Clients will incur brokerage and other transaction costs. Clients should review carefully Item 12, which discusses conflicts of interest related to brokerage practices. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Firm will not receive any portion of such commissions or fees from the custodian/clearing broker or client. In addition, clients may incur certain charges imposed by third parties other than Firm in connection with investments made through the account, including but not limited to, IRA and qualified retirement plan fees.

Clients will also bear any agreed upon expenses as set forth in the relevant investment management agreement.

(D) **Fees Paid in Advance:** As stated above, management fees shall be payable in monthly installments upon receipt of an invoice issued by Firm and presented to the client. Firm technically bills fees in advance, as the monthly client invoice is determined by the prior month end portfolio value plus the unrealized dividends. Clients pay this invoice generally by or before the end of the current month. In the event that an advisory contract is terminated in the midst of any month, Firm refunds a proportionate amount based upon the number of days remaining in the month in question, divided by the total number of days in the particular month, multiplied by the amount of the management fee paid for that month.

Termination of Services: Termination terms are specified in the relevant investment management agreement. In general, client may terminate its investment management agreement by giving Firm thirty days prior written, or otherwise as Firm may determine in its sole discretion.

(E) **Additional Compensation of Supervised Persons:** Supervised persons of Firm, specifically, Mr. Nadel, accept compensation for the sale of securities in connection with their association with the affiliated broker-dealer, WDNCO. Mr. Nadel receives such compensation in his capacity as a registered representative of a broker-dealer, not in his capacity as a supervised person of Firm. Mr. Nadel is the owner and controlling person of both Firm and WDNCO. Firm endeavors to disclose herein all conflicts of interest which could impair the rendering of unbiased and objective advice to clients as a result of this relationship. Conflicts of interest related to accepting additional compensation in addition to advisory fees are described in Items E(1)-(4) below.

1. This practice presents a conflict of interest and gives Firm or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular client's needs. Lower fees for comparable services may be available from other sources. However, Firm believes that clients benefit from its relationship with WDNCO and that its commission rates are less than the commission rates for comparable transactions generally charged by broker-dealers. Moreover, whenever a related person effects a transaction in which client securities are sold to or bought from a brokerage customer, the securities are priced at the then prevailing market value, as determined by Mr. Nadel.
2. A conflict exists between the interests of Firm (and/or a related person) and the interests of clients regarding the valuation of the securities recommended to clients.
3. Firm does not earn more than 50% of its revenue from commissions or similar compensation. However, Firm is affiliated to WDNCO, a registered as a broker-dealer, and Firm's owner and controlling person, Mr. Nadel, earns commissions or similar compensation from WDNCO in his capacity as a registered person.
4. As stated above, Firm is affiliated to WDNCO, a registered broker-dealer. Firm's owner and controlling person, Mr. Nadel, earns commissions or similar compensation from WDNCO in his capacity as a registered person. Firm earns advisory fees, as described in Item 5(B).

- Item 6. Performance Based Fees:** Firm does not receive performance based fees.
- Item 7. Types of Clients:** Firm provides investment advisory services to separately managed accounts.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss:**

- (A) **Methods of Analysis and Investment Strategies:** As stated above, Firm manages client accounts in accordance with the Dividend Capture Strategy, Firm's proprietary strategy designed to maximize dividends from short-term holdings of preferred stock while qualifying such dividends for the "dividends received deduction" (Section 243 of the Internal Revenue Code of 1986) available to 'C' corporations and for individuals (Tax Act of 2003 - maximum tax rate of 15%) concurrently attempting to preserve principal while hedging long preferred stock positions to minimize risk to market and interest rate fluctuations. Such services are considered to be primarily suitable for corporations and financially knowledgeable individuals subject to federal income tax having not less than \$1 million in funds devoted to Firm's strategy.

Important Information Related to the Dividend Capture Strategy:

- The purpose of the Dividend Capture Strategy is to generate tax-favored dividend income from short-term holdings of preferred stocks while hedging positions to preserve capital. The Dividend Capture Strategy is particularly suited to corporations subject to United States federal income tax as "C" corporations that wish to invest at least \$500,000 short-term for income. Under the Dividend Capture Strategy, long positions in preferred stocks will be turned over approximately every 46 days, and the entire portfolio will be turned over seven or eight times in any 12-month period. The nature of the Dividend Capture Strategy requires Firm to execute a substantial number of trading transactions for each client's account on a regular basis.
- The Dividend Capture Strategy involves two hedges of long dividend-paying positions. No hedge is perfect. No assurance can be given that such hedges will singly or collectively or over any period of time, successfully preserve capital invested. The Dividend Capture Strategy's hedges cannot protect against factors other than interest rate fluctuations that may affect the price of the preferred stock or an issuer's ability to pay dividends. Such factors include an issuer's reduced or negative earnings, poor credit ratings or insolvency.

- The amount of dividends received as a percentage of capital invested will vary from time to time with interest rates generally available. No assurance can be given that such percentage will equal or exceed rates available on any other investment. Firm cannot guarantee any rate of return on funds invested. In addition, market prices for preferred stocks are sensitive to changes in interest rates. Significant changes in interest rates can quickly affect the prices of preferred stocks. Increases in such rates tend to decrease such prices.
- The Dividend Capture Strategy does not vary with any prediction as to the direction or speed of any change in interest rates. Firm does not attempt to predict interest rates or to alter long positions or hedges based on any such predictions.
- Likewise the Dividend Capture Strategy does not vary with any prediction as to the direction or speed of any change in any equity market or any index of any such market. Firm attempts to maintain customers' funds fully invested at all times. Firm does not attempt to predict any stock market changes or to alter long positions or hedges based on any such prediction.
- It is anticipated that the Dividend Capture Strategy will produce the best results when interest rates show a marked decline during any investment cycle. No assurance can be given that such circumstances will occur in the foreseeable future or that if such circumstances occur that any client will benefit or that any particular rates of return will be achieved. No assurance can be given that the historical market tendencies upon which the Dividend Capture Strategy is based will continue in the future. Past success is not indicative of future success.
- Firm's Strategy depends upon preferred stock:
 - rated "BBB" or better (by a major rating service);
 - issued by utilities (primarily electric utilities, but also gas, water, telephone and pipeline utilities);
 - paying a fixed or stated dividend;
 - lacking convertibility (i.e.; the preferred stock cannot be converted to common stock or any other security of that or any other issuer).

Investing in securities involves risk of loss that clients should be prepared to bear.

(B) **Risks Associated with Firm's Investment Strategies:**

Thinly Traded Stocks. Many stocks traded by Firm in the Dividend Capture Strategy are thinly traded. That is, many such stocks are not abundantly available in the over-the-counter markets where they trade, and, as a consequence relatively small changes in supply or demand can cause disproportionately large changes in then available bid and offered prices for such stocks. It is anticipated that most transactions in a client's account will be effected over-the-counter, not on a national exchange, with WDNCO acting as a broker. No assurance can be given that at any time the optimal preferred stocks will be available on any market at an optimal price or in sufficient quantities. Further, no assurance can be given that once such stocks have been purchased they can be readily sold.

Price Fluctuation of Preferred Stock. Prices of preferred stocks suitable for the Dividend Capture Strategy have in the past tended to fluctuate less than prices of either common stocks generally or dividend-paying utility common stocks generally. No assurance can be given that past performance is indicative of future performance. Investments in preferred stocks, in Firm's Dividend Capture Strategy and in equities and futures generally are not suitable for all investors.

Cross Transactions. In WDNCO's capacity as a broker-dealer, personnel of WDNCO provide clients with a variety of services for which it is compensated. Firm may buy or sell securities for investment advisory accounts in dual agency transactions with other clients. If appropriate client consent is obtained and required disclosure is made, "agency cross" transactions may be effected for client accounts to the extent permitted by law. If WDNCO acts as a broker for both sides of a transaction between accounts managed by Firm, then WDNCO would receive a commission from each account. Firm will have obligations of fair dealing to each side in such transactions. Firm attempts to effect cross transactions with WDNCO at prices more favorable to its clients than the prices the clients would pay if they made such transactions with outside dealers.

Interest Rate Risk. The effects of rising interest rates are reduced by hedging in the Treasury Bond options market.

Financial Risk. Financial risk is the issuing company's solvency and ability to pay dividends. The Dividend Capture Strategy seeks

to reduce this risk through the exclusive use of investment grade preferred stocks.

Market Risk. Preferred stocks are not normally volatile except in extreme cases.

Liquidity Risk. The Dividend Capture Strategy seeks to reduce this risk through the use of qualified utility preferred stocks to provide investors with increased marketability thus enhancing potential buying interest of their security positions.

Treasury Bond Futures Options. Treasury bond futures options trade actively on the Chicago Board of Trade (“CBOT”). Utility preferred stocks utilized in the Dividend Capture Strategy traded on nationally recognized exchanges including electronic exchanges and in the over-the-counter markets including, but not limited to, institutional markets and markets reported on in the pink sheets. Trades in utility preferred stocks occur directly between dealers and through brokers acting as intermediaries between dealers. Trading activity in utility preferred stocks can be sporadic and, at times, we may effectuate trades amongst and between existing clients. Valuations of individual utility preferred stocks, for purposes of trading and portfolio evaluation, are determined by reference to current two sided markets, when available, or by reference to the most recent trade data available, adjusted by relevant market data and information since the most recent trade of the security in question or actual trade data for the relevant similar securities. As necessary, adjustments are made for differences in certain characteristics between securities and market developments since the date of the trades being relied upon. These characteristics include, but are not limited to: relative par values; whether the security is listed on a major exchange; changes in long term interest rates effecting utility preferred stock issues; the difference in the relative volume of the transactions; the differences in quality rating of the respective securities being compared; the ex-dividend dates of the issues being considered and the relative accumulation of dividend income; and the amount of the preferred stock available in the market to determine a potential scarcity value for the securities being reviewed.

Risk is inherent in all investing. Investing in any security, no matter what the Dividend Capture Strategy, involves risk, including the risk that may result in the receipt of little or no return on investment or even the possible loss of part or all of the investment. Investors should consider carefully the following risks that may be assumed when an investment is made:

- **Management Risk.** A portfolio will be subject to management risk because it will be actively managed. The investment techniques will be applied and hedging strategies described in investment Strategy's, but there can be no guarantee that these will produce the desired results.
- **Past Performance is No Assurance of Future Success.** Past results of the Dividend Capture Strategy, any particular portfolio and any security within a portfolio are not necessarily a guide to the future performance of investments made using the Dividend Capture Strategy.
- **Execution Risk.** Utility preferred stocks may be less liquid than many other securities such as government securities, corporate debt and many common stocks. Much of the trading in utility preferred stocks takes place in highly negotiated over-the-counter transactions as opposed to transactions on national stock exchanges such as the NYSE or NASDAQ. Because the trading of preferred stocks of regulated utility companies is a specialized niche in the investment management field, the investor might not be able to continue the Dividend Capture Strategy if the services of Mr. Nadel were not available.

Dependence on Key Personnel. Firm's ability to manage your portfolio and WDNCO's ability to execute trades on your behalf are currently dependent to a significant degree on the continuing contributions of Mr. Nadel. The loss of the services of Mr. Nadel could have a material adverse impact on Firm's ability to continue to provide investment advisory services or to implement the Dividend Capture Strategy.

Valuation Risk. Because utility preferred stocks are thinly traded, valuation can be difficult to definitely determine with precision on a particular date. Since the trading of preferred stocks of regulated utility companies is a specialized niche, there are few investment professionals well versed in this matter and reported trades of a limited number of shares may not reflect the price at which larger transaction might occur. In the past, WDNCO has caused its customers (e.g., Firm's clients) to buy from and sell securities to each other. In such instances, the prices at which the transactions are crossed are determined solely by WDNCO. Although WDNCO uses its best judgment based upon its more than twenty-five year experience in trading utility preferred stocks to determine the price at which such trades take place as well as the valuation of

securities in a portfolio to determine its fee, there can be no assurance that the price determined by WDNCO is correct. As stated above in Item 5(B), the fee amount will be determined by multiplying the prior month's ending market value (inclusive of any 'unrealized dividends') of investment assets as shown in the client's monthly "Cumulative Performance Report" or the custodian value, whichever is lower.

Interest Rate Risk. Fixed income securities, including utility preferred stocks, typically decline in value when correlated interest rates rise and increase in value when correlated interest rates fall. Changes in the level of long-term interest rates are expected to affect the value of the utility preferred stocks in your portfolio. As part of the Dividend Capture Strategy, Firm will hedge for the purposes of protecting against declines in value attributable to significant increases in long-term interest rates and providing increased income in the event of significant increases in long-term interest rates while maintaining the investor's Dividend Capture Strategy portfolio relative resistance to a reduction in income in the event of declines in long-term interest rates. There can be no guarantee that such hedging strategies will be successful. Significant changes in the interest rate environment, as well as other factors, may cause preferred securities to be redeemed by the issuers, thereby reducing the pool of available securities to buy and sell when employing the Dividend Capture Strategy. In addition to fluctuations due to changes in long-term interest rates, the value of the Dividend Capture Strategy portfolio holdings of preferred securities, and, as a result, the portfolio's net asset value, may also be affected by other market and credit factors, as well as by actual or anticipated changes in tax laws.

Hedging Strategy Risk. The investment techniques that the Dividend Capture Strategy may employ for hedging or, under certain circumstances, to increase income or total return will expose the portfolios to risks. There are economic costs of hedging reflected in the pricing of futures, swaps, options, and credit derivatives which can be significant. There may be an imperfect correlation between changes in the value of the Dividend Capture Strategy portfolio holdings and hedging positions entered into on behalf of such a portfolio, which may prevent the Dividend Capture Strategy from achieving the intended hedge or expose the Dividend Capture Strategy to risk of loss. In addition, the Dividend Capture Strategy's success in using hedge instruments is subject to Firm's ability to anticipate, correctly, changes in the relationships of such hedge instruments to the Dividend Capture Strategy's portfolio holdings, and there can be no assurance that Firm's

judgment in this respect will be accurate. In addition to the hedging techniques described elsewhere, i.e., positions in Treasury Bond or Treasury Note futures contracts, use of options on these positions, positions in interest rate swaps and options thereon, and positions in credit derivatives, such investment techniques may include entering into interest rate futures contracts and options on interest rate futures contracts, purchasing and selling put and call options on securities may be utilized. The Dividend Capture Strategy intends to comply with regulations of the SEC involving “covering” or segregating assets in connection with the Dividend Capture Strategy’s use of options, futures and other derivatives contracts.

Credit Risk; Rating Risk. Credit risk is the risk that an issuer of a preferred or debt security will become unable to meet its obligation to make dividend, interest and principal payments. Rating Risk is the risk that the rating assigned to a particular security will be lowered. In general, lower rated preferred or debt securities carry a greater degree of credit risk. If rating agencies lower their ratings of preferred or debt securities in the Dividend Capture Strategy’s portfolio, the value of those obligations could decline. In addition, the underlying revenue source for a preferred or debt security may be insufficient to pay dividends, interest or principal in a timely manner, which would adversely impact any portfolio which holds such security. Because the primary source of income for the Dividend Capture Strategy is the dividend, interest and principal payments on the preferred or debt securities in which it invests, any default by an issuer of a preferred or debt security could have a negative impact on the Dividend Capture Strategy’s ability to earn dividends. Even if the issuer does not actually default, adverse changes in the issuer’s financial condition may negatively affect its credit rating or presumed creditworthiness. These developments would adversely affect the market value of the issuer’s obligations.

Liquidity Risk. The Dividend Capture Strategy intends to invest in securities and derivatives contracts with varying degrees of market liquidity and may invest up to 20% of its total assets in relatively illiquid securities. Preferred securities may be substantially less liquid than many other securities such as government securities, corporate debt, or common stocks. At any particular time, a preferred security may not be actively traded in the secondary market, even though it may be listed on the New York Stock Exchange or other securities exchange. Many preferred securities currently outstanding are listed on the New York Stock Exchange, although secondary market transactions in

preferred securities are frequently effected in the over-the-counter market, even in those preferred securities that are listed. The prices of illiquid securities and their market-to-market values may be more volatile than more actively traded securities due to a variety of factors, such as there being fewer active buyers and sellers and the lower frequency of trading. The absence of a more liquid secondary market may adversely affect the ability of the Dividend Capture Strategy to buy or sell its preferred securities holdings at the times and prices desired and the ability of the Dividend Capture Strategy to determine its net asset value.

Industry Concentration Risk. The Dividend Capture Strategy concentrates its investments in the utility industry. As a result, the Dividend Capture Strategy's investments may be subject to greater risk and market fluctuation than a Dividend Capture Strategy that had securities representing a broader range of investment alternatives. Utilities are subject to such risks as changes in law, regulatory policies, accounting standards, regulatory restrictions, increased competition and general economic and political conditions.

Preferred Securities Risk. In addition to credit risk, investment in preferred securities carries certain risks including:

- **Deferral Risk** - Traditional preferreds contain provisions that allow an issuer, under certain conditions, to skip (in the case of "non-cumulative" preferreds) or defer (in the case of "cumulative" preferreds) dividend payments. If the Dividend Capture Strategy owns a preferred security that is deferring its distributions, the Dividend Capture Strategy may be required to report income for tax purposes while it is not receiving any income.
- **Redemption Risk** - Preferred securities typically contain provisions that allow for redemption in the event of tax or security law changes in addition to call features at the option of the issuer. In the event of redemption, the Dividend Capture Strategy may not be able to reinvest the proceeds at comparable rates of return.
- **Limited Voting Rights** - Preferred securities typically do not provide any voting rights, except in cases when dividends are in arrears beyond a certain time period, which varies by issue.

- Subordination - Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt instruments.
- Liquidity - Preferred securities may be substantially less liquid than many other securities, such as U.S. government securities, corporate debt or common stock.

Market Disruption. As a result of the terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001, some of the U.S. securities markets were closed for a four-day period. These terrorist attacks and related events have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. A similar disruption of the financial markets could impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors. It is reasonable to expect that any adverse economic conditions, such as those experienced in 2008 and 2009, could disrupt the market having an adverse impact on the value of preferred securities, and adversely affect the ability of the issuers of those securities to repay principal, dividends and interest on those securities making it difficult to successfully employ the Dividend Capture Strategy.

Inflation Risk. Inflation risk is the risk that the value of assets or income from the Dividend Capture Strategy's investments will be worth less in the future as inflation decreases the value of payments at future dates.

Tax Risk. Future changes in tax law or regulation could adversely affect the Dividend Capture Strategy and its portfolio holdings, including their valuation, which could negatively impact the Dividend Capture Strategy's investor's portfolio and distributions they receive from the Dividend Capture Strategy. Tax changes can be given retroactive effect.

Portfolio Turnover Risk. The techniques and strategies contemplated by the Dividend Capture Strategy results in a high degree of portfolio turnover. The Dividend Capture Strategy anticipates that its annual portfolio turnover rate will not exceed 750% under normal market conditions, although it could be higher under certain conditions. Higher portfolio turnover rates could result in corresponding increases in brokerage commissions and generate short-term capital gains taxable as ordinary income.

Option Trading. Specific market movements of the underlying future or underlying physical commodity cannot be predicted accurately.

- The grantor of a call option who does not have a long position in the underlying futures contract or underlying physical commodity is subject to risk of loss should the price of the underlying futures contract or underlying physical commodity be higher than the strike price upon exercise or expiration of the option by an amount greater than the premium received for granting the call option.
- The grantor of a call option who has a long position in the underlying futures contract or underlying physical commodity is subject to the full risk of a decline in price of the underlying position reduced by the premium received for granting the call. In exchange for the premium received for granting a call option, the option grantor gives up all of the potential gain resulting from an increase in the price of the underlying futures contract or underlying physical commodity above the option strike price upon exercise or expiration of the option. The grantor of a put option who does not have a short position in the underlying futures contract or underlying physical commodity (e.g., commitment to sell the physical) is subject to risk of loss should the price of the underlying futures contract or underlying physical commodity decrease below the strike price upon exercise or expiration of the option by an amount in excess of the premium received for granting the put option.
- The grantor of a put option on a futures contract who has a short position in the underlying futures contract is subject to the full risk of a rise in the price of the underlying position reduced by the premium received for granting the put. In exchange for the premium received for granting a put option on a futures contract, the option grantor gives up all the potential gain from a decrease in the price of the underlying futures contract below the option strike price upon exercise or expiration of the option. The grantor of a put option on a physical commodity who has a short position (e.g.: commitment to sell the physical) is subject to the full risk of a rise in the price of the physical commodity, which must be obtained to fulfill the commitment reduced by the premium received for granting the put. In exchange for the premium, the grantor of a put option on a physical commodity gives up

all the potential gain which would have resulted from a decrease in the price of the commodity below the option strike price upon exercise or expiration of the option.

Description of Commodity Options. Prior to entering into any transaction involving a commodity option, an individual should thoroughly understand the nature and type of option and the underlying futures contract or underlying physical commodity involved. The futures commission merchant or the introducing broker is required to provide, and the individual contemplating an option transaction should obtain, a description of the following:

- The futures contract or the physical commodity which is the subject of the option;
- The quantity of the underlying futures contract or underlying physical commodity which may be purchased or sold upon exercise of the option; or, if applicable, whether exercise of the option will be settled in cash;
- The procedure for exercise of the option contract, including the expiration date and latest time on that date for exercise. (The latest time on an expiration date when an option may be exercised may vary; therefore, option market participants should ascertain from their futures commission merchant or their introducing broker the latest time the firm accepts exercise instruction with respect to a particular option.);
- A description of the purchase price of the option including the premium, commissions, costs, fees and other charges. (Since commissions and other charges may vary widely among futures commission merchants and among introducing brokers, option customers may find it advisable to consult more than one firm when opening an option account.);
- A description of all costs in addition to the purchase price which may be incurred if the commodity option is exercised, including the amount of commissions (whether termed sales commissions or otherwise), storage, interest, and all similar fees and charges which may be incurred;
- An explanation and understanding of an option grantor's initial margin requirement and obligation to provide additional margin in connection with such an option position, or a position in a futures contract, if applicable;

- A clear explanation and understanding of any clauses in the option contract and of any items included in the option contract explicitly or by reference, which might affect the customer's obligations under the contract. This would include any policy of the futures commission merchant or the introducing broker or rule of the exchange on which the option is traded that might affect the customer's ability to fulfill the option contract or to offset the option position in a closing purchase or closing sale transaction (for example, due to unforeseen circumstances that require suspension or termination of trading); and
- If applicable, a description of the effect upon the value of the option position that could result from limit moves in the underlying futures contract.

(C) **Security-Specific Risks:** Please see the response to Item 8(B), above for risks that are relevant to the Dividend Capture Strategy.

Item 9. Disciplinary Information:

All legal and disciplinary events in which Firm or any supervised persons have been involved that are material to a client's or prospective client's evaluation of Firm's advisory business or management are listed below.

- (A) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which Firm or a management person:
1. Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **Not applicable**
 2. Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **Not applicable**
 3. Was found to have been involved in a violation of an investment-related statute or regulation. **Not applicable**
 4. Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a

management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **Not applicable**

(B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Firm or a management person:

1. Was found to have caused an investment-related business to lose its authorization to do business. **Not applicable**

2. Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

(a) Denying, suspending, or revoking the authorization of Firm or a management person to act in an investment-related business. **Not applicable**

(b) Barring or suspending Firm's or a management person's association with an investment-related business. **Not applicable**

(c) Otherwise significantly limiting Firm's or a management person's investment-related activities. **Not applicable**

(d) Imposing a civil money penalty of more than \$2,500 on Firm or a management person. **Not applicable**

(C) A self-regulatory organization (SRO) proceeding in which Firm or a management person:

1. Was found to have caused an investment-related business to lose its authorization to do business. **Not applicable**

2. Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. **Not applicable**

Other Disciplinary Matters:

Pending Litigation - SEC v. Warren D. Nadel, Warren D. Nadel & Co., and Registered Investment Advisers, LLC (11-CV-0215)

Firm, WDNCO and Mr. Nadel have been named as defendants in the above captioned matter brought by the SEC. Firm, WDNCO and Mr. Nadel are in the process of vigorously defending the SEC's allegations, including, but not limited to, claims that Firm, WDNCO and/or Mr. Nadel violated the following: Section 17(a) of the Securities Act of 1933; Sections 17(a) and 10(b) of the Securities Exchange Act of 1934 and Rules 17a-4, 10b-10 and 10b-5 thereunder; and Sections 206, 207 and 204 under the Investment Advisers Act (the "Advisers Act").

Item 10. Other Financial Industry Activities and Affiliations:

- (A) The principal of Firm, Mr. Nadel, is a registered representative with WDNCO, which is affiliated to Firm through common ownership and control. WDNCO is registered as a broker-dealer with the SEC and is a FINRA member firm.
- (B) WDNCO is registered as an introducing broker and commodity trading advisor with the National Futures Association.
- (C) Firm and/or its management persons have a relationship or arrangement that is material to its advisory business or to its clients with the related persons as discussed below.
 - 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker. **Firm is affiliated to WDNCO through common ownership. Firm has a material relationship and arrangement with WDNCO in that Firm executes client transactions and implements the Dividend Capture Strategy through WDNCO. For related conflicts of interest, refer to Item 5(E) and its subsections.**
 - 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund). **Not applicable**
 - 3. Other investment adviser or financial planner. **Not applicable**
 - 4. Futures commission merchant, commodity pool operator, or commodity trading advisor. **Refer to Item 10(B).**
 - 5. Banking or thrift institution. **Not applicable**
 - 6. Accountant or accounting firm. **Not applicable**

- 7. Lawyer or law firm. **Not applicable**
- 8. Insurance company or agency. **Not applicable**
- 9. Pension consultant. **Not applicable**
- 10. Real estate broker or dealer. **Not applicable**
- 11. Sponsor or syndicator of limited partnerships. **Not applicable**

- (D) Does Firm recommend or select other investment advisers for your clients and receive compensation from those advisers that creates a conflict of interest? Does Firm have other business relationships with such advisers that create a conflict of interest? If so, describe all conflicts of interest and how Firm will address them. **Not applicable**

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

- (A) **Code of Ethics:** A copy of the code of ethics (the “Code of Ethics”) is available upon request to clients or prospective clients (collectively herein, “Clients”).

The Code of Ethics is based on the principle that all employees of Firm and certain other persons have a fiduciary duty to place the interest of clients ahead of their own and Firm’s. The Code of Ethics applies to all “Access Persons” (as defined in the Code of Ethics) of Firm. Access Persons must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of Firm’s clients.

Other Policies and Procedures of Firm:

Activities of Firm and its Affiliates: Neither Firm, nor any affiliate or employee, is required to manage client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing client accounts, Firm, and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

Trade Error Policy: Errors created in an advisory account must be corrected so as not to harm any client. The goal of error correction is to make the client “whole”, regardless of the cost to Firm. If Firm reallocates or corrects an error from one client account to another, Firm must absorb any loss from the error. Soft

dollar arrangements cannot be used to correct errors made by Firm when placing a trade for a client's account.

Firm's Privacy Policy. The SEC and the Federal Trade Commission have rules concerning the handling of personal financial information about clients with which Firm must comply. As general policy, Firm will not disclose personal financial information about any client to non-affiliated third parties except as necessary to establish and manage the client's account(s) as required by law to demonstrate compliance with state or federal laws or regulations or otherwise as directed in writing by a client (e.g., to verify assets). In these situations, personal financial information about a client may be provided to the broker/dealer or other custodian maintaining these accounts.

In addition, Firm will restrict access to clients' non-personal financial information to those employees who need to know such information in order to provide products or services to clients. Firm will maintain physical, electronic, and procedural safeguards that comply with federal standards to guard each client's personal financial information. Such safeguards include restricting the use of any information contained on Firm's 'Client Investment Questionnaire' to each client's personal account manager, the manager's supervisor and Firm's chief compliance officer or such other persons as the chief compliance officer deems as needing to know the information. Hard copy of client personal financial information will be maintained in Firm's central files, and will be secured (locked) after normal business hours. Electronic access to client personal financial information will be restricted to the client's account manager handling the account through Firm's local area network (LAN). Electronic LAN access will also be available to the manager's supervisor and Firm's chief compliance officer.

Delivery of Firm's Privacy Notice: Each client will be provided with a copy of Firm's privacy notice ("Privacy Notice") upon opening his/her account. In addition, each active client of Firm will be provided with a copy of the Privacy Notice at least annually. A copy of Firm's Privacy Notice is included in the 'Supplement Section' of Firm's compliance manual.

Participation or Interest in Client Transactions and Personal Trading: Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and Firm requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time,

Firm believes that if investment goals are similar for clients and for employees of Firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to address conflicts of interest, Firm has adopted a set of procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors and employees (hereafter, "Employees") for their personal accounts. In order to monitor compliance with its personal trading policy, Firm has adopted a quarterly securities transaction reporting system for all of its Employees. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including Firm's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of Firm may recommend to clients the purchase or sale of investment products in which it or a related person may have some financial interest, including but not limited to, the receipt of compensation. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that Firm and each of its Employees has to each of its clients. The Code of Ethics is circulated at least annually to all Employees, and each Employee, at least annually must certify in writing that he or she has received and followed the Code of Ethics and any amendments thereto.

- (B)** Firm and/or related persons to Firm, including Mr. Nadel, recommend to clients, and/or buy or sell for client accounts, securities in which Firm and/or related persons may have a material financial interest. The chief compliance officer will review all transactions with clients in which Firm effecting cross transaction to ensure that such transactions comply with the following policies. In addition to the specific policies set forth below, no cross trade, or agency cross transaction shall be permitted unless Firm:

1. believes the transaction is in the best interest of the client;
2. believes the transaction fulfills Firm's duty of best execution with respect to the particular transaction for the advisory client;
3. has made appropriate disclosures to the client on Form ADV prior to entering into such a transaction; and
4. has complied in all respects with Section 206(3) of the Advisers Act , in the case of cross trades, and Rule 206(3)-2 promulgated thereunder in the case of agency cross transactions, as each may be amended or supplemented.

- (C) If Firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that Firm or a related person recommends to clients, describe Firm's practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

See our response to Item 11(A)-(B), above.

- (D) If Firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Firm or a related person buys or sells the same securities for Firm's own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

See our response to Item 11(A)-(B), above.

Item 12. Brokerage Practices:

The factors that Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation are described below:

- (A) **Factors Considered in Selecting or Recommending Broker-Dealers:** Securities transactions for the clients are executed through brokers selected by Firm in its sole discretion and without the consent of the clients. In placing portfolio transactions, Firm will seek to obtain the best execution for the clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning

capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying Firm's other selection criteria.

Clients shall bear brokerage costs as set forth in the relevant investment management agreement.

1. **"Soft Dollar" Policy:** In addition to research services, Firm may be offered other non-monetary benefits by broker-dealers that it may engage to execute securities transactions on behalf of clients. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, efficiency of execution and error resolution, quotation equipment and services, the availability of stocks to borrow for short trades, custody, travel, record keeping and similar services. These other services may also include payment of all or a portion of the clients' or Firm's or its affiliates' administrative costs and expenses of operation, such as: office rent; office equipment and supplies; utilities (e.g., electricity, gas, oil, water); taxes; storage; employee salaries, including, but not limited to, bonuses, contingent salaries, and any other form of compensation determined by Firm, and benefits (including medical, dental and worker's compensation insurance); temporary help; recruiting services; newswire and quotation equipment and services (e.g., Reuters, Bloomberg, Bridge, First Call); data processing charges; periodical subscription fees (e.g., The Financial Times, The Wall Street Journal, The New York Times, Investors Business Daily); computer equipment used for brokerage or research purposes (e.g., computers, computer hardware, software, hard drives, monitors, PDAs, LANs) and related technical support, repair and maintenance; television and cable services used for research purposes; telephone and facsimile charges, equipment and installation and maintenance costs (e.g., telephones, telephone lease, telephone and facsimile lines, cellular phones

used for business purposes, telephone call recording equipment, headsets, cordless phones, speaker phones, telephone switchboards and monthly and long distance telephone charges); facsimile machines and facsimile rental and repair costs; account record-keeping and related clerical services; printing services; messenger services; postal and courier expenses; car service; expenses incurred in connection with investigating and researching issuers of securities and attending research conferences (e.g., airfare, car rentals, taxi fares, conference fees and related expenses, hotel accommodations and meals); economic consulting services; placement fees and other marketing costs; legal and accounting fees; and other reasonable expenses as determined by Firm.

The foregoing benefits may be available for use by Firm in connection with transactions in which clients will not participate. The availability of these benefits may influence Firm to select one broker rather than another to perform services for clients. Nevertheless, Firm will attempt to assure either that the fees and costs for services provided to clients by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that clients also will benefit from the services.

Firm has the option to use “soft dollars” generated by clients to pay for the research and non-research related services described above. The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment adviser’s clients. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. In the event Firm elects to use its soft dollars for payment of all or a portion of Firm’s or its affiliates’ administrative costs and expenses of operation such as office

rent, office equipment and supplies, utilities, employee benefits and salaries, newswire and quotation equipment, data processing charges, periodical subscription fees, computer equipment, telephone and facsimile charges and equipment costs, record-keeping services, consulting fees, issuer due diligence expenses, placement fees and other marketing costs, and legal and accounting fees, as more fully described above, such uses of soft dollars are not within the safe harbor afforded by Section 28(e) of the Exchange Act.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of Firm or its affiliates creates a conflict of interest between Firm and clients because the clients pay for such products and services that are not exclusively for the benefit of clients and that may be primarily or exclusively for the benefit of Firm. To the extent that Firm is able to acquire these products and services without expending its own resources (including management fees paid by clients), Firm's use of soft-dollars would tend to increase Firm's profitability. In addition, the availability of these non-monetary benefits may influence Firm to select one broker rather than another to perform services for clients. Firm has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client's interest in receiving the most favorable execution. Moreover, Firm may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. In the event that Firm uses soft dollar benefits, Firm will use such benefits to service all client accounts rather than only those accounts that paid for the benefits.

Firm reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce clients to Firm, provided that any such fee or commission will be paid solely by Firm or its affiliates and no portion thereof will be paid by clients.

Firm's compliance manual sets forth the policies and procedures of Firm with regards to soft dollars.

- (a) When Firm uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Firm receives a benefit because Firm does not have to produce or pay for

the research, products or services. **Please refer to Item 12(A)(1).**

- (b) Firm may have an incentive to select or recommend a broker-dealer based on Firm's interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution. **Please refer to Item 12(A)(1).**
- (c) Firm may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). **Please refer to Item 12(A)(1).**
- (d) Firm uses soft dollar benefits to service all clients that paid for the benefits. Firm may or may not allocate soft dollar benefits to clients proportionately to the soft dollar credits the accounts generate. **Please refer to Item 12(A)(1) for specific details related to this section.**
- (e) The types of products and services Firm or any related persons acquired with client brokerage commissions (or markups or markdowns) within Firm's last fiscal year were: **Please refer to Item 12(A)(1).**
- (f) The procedures Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits Firm received were: **Please refer to Item 12(A)(1).**

2. Brokerage for Client Referrals:

- (a) Firm reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce clients to Firm, provided that any such fee or commission will be paid solely by Firm or its affiliates and no portion thereof will be paid by clients. As a result, Firm may have an incentive to select or recommend a broker based on Firm's interest in receiving client referrals rather than on clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit Firm but will provide an insignificant (if

any) benefit to clients, Firm will have a conflict of interest with clients when allocating client brokerage business to a broker who has referred investors to a client. To prevent client brokerage commissions from being used to pay referral fees, Firm will not allocate client brokerage business to a referring broker unless Firm determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to clients.

- (b) During the last fiscal year, Firm reserved the right to provide direct compensation to brokers who referred clients to Firm for participation in the proprietary strategy in the form of a portion of the fees received by adviser. This compensation did not result in any additional charges being imposed on a client.

3. **Directed Brokerage:**

- (a) Firm is affiliated to the WDNCO, an SEC registered broker-dealer and FINRA member firm, and executes client transactions related to the Dividend Capture Strategy through WDNCO. Therefore, Firm may be considered to recommend, request, and/or require a client to direct transactions through WDNCO.
- (b) In general, Firm does not permit a client to direct Firm to execute transactions through a specified broker-dealer since Firm executes the Dividend Capture Strategy through WDNCO.

- (B) **Aggregation of Orders:** Transactions implemented by Firm for accounts may be effected independently or on an aggregated basis. Firm anticipates that frequently it will decide to purchase or sell the same securities for several clients at approximately the same time. Firm will aggregate orders when it believes aggregation may prove advantageous to clients. When Firm aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to

avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Firm aggregates client orders for the purchase or sale of securities, including securities in which its associated person(s) may invest, Firm will do so in a fair and equitable manner. It should be noted that Firm does not receive any additional compensation or remuneration as a result of aggregation.

Block Trading. Firm's policies with regards to block trading are as follows:

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

1. Orders of two or more clients may be bunched only if Firm has determined, on an individual basis, that the securities order is: a. in the best interests of each client participating in the order; b. consistent with Firm's duty to obtain best execution; and c. consistent with the terms of the investment management 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. Separate 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 Firm'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 on a given day, with all transaction costs shared on a pro rata basis.

7. A description of Firm's bunching procedures shall be disclosed in its Form ADV.

Allocation of Trades: Firm may at times determine that certain securities will be suitable for acquisition by clients and by other accounts managed by Firm, possibly including Firm's own accounts or accounts of an affiliate. If that occurs, and Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which Firm deems advisable, Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which Firm considers them to be suitable. Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Firm 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 an employee of the firm), purchases of new issues, acquisitions of securities directly from an issuer in a private placement and disposition of unattractive securities (e.g., a downgraded security). Firm follows the policies and procedures that are set forth in its compliance manual with regards to trade allocation.

Item 13. Review of Accounts:

- (A) Mr. Nadel will review accounts continually, and each account will receive a formal review not less frequently than monthly. Each account's positions must be analyzed in light of Firm's proprietary strategy and in light of the specific goals for such account agreed to by Firm and the client. The factual basis for such review will appear in the "Monthly Cumulative Performance Report" described Item 13(C), below.
- (B) The calendar is the main triggering factor of a review of an account, although more frequent reviews may be also be triggered

by changes in a client's circumstances, client request, or unusual market activity. Clients may be contacted periodically by Advisor to discuss the management and performance of their Account.

- (C) Firm generally produces, and send to each client, a "Monthly Cumulative Performance Report." Each such report will set forth all transactions in the account cumulatively from the establishment of the account, including realized gain or loss on each stock and option positions, each then current stock and option position marked-to-market, all dividends received or receivable and all interest credited to the account on cash balances held from time to time. In addition, each client will receive (i) from the clearing broker a month-end statement of the preferred stock transaction in the account and the month-end preferred stock positions, plus dividends and interest credited to the client's accounts, (ii) from the futures commission merchant used by Firm, also serving in a transaction clearing capacity, a month-end statement of option transaction in the account and month-end option positions with their then current market value. Each client will receive confirmation statements directly from the respective clearing firms.

Item 14. Client Referrals and Other Compensation:

- (A) Firm does not receive any economic benefit associated with advising clients, such as sales awards or prizes.
- (B) Firm may participate in a client referral program that meets the requirements of *SEC No-Action Letter, Int'l Ass'n for Financial Planning, 6-1-98*, so long as such program does not violate Rule 206(4)-3 of the Advisers Act or any other applicable regulations. For example, Firm may use independent third party solicitors to refer clients and pay a portion of its advisory fees to such solicitors, in accordance with the Advisers Act. Except for commissions on brokerage transactions (which will be paid by clients), Firm will pay (and will not charge clients) fees and commissions that may be payable to any such brokers or finders for assisting in referring clients to Firm.

- Item 15. Custody:** Firm maintains client funds and securities at a custodian/clearing firm. As stated above in Item 13, Review of Accounts, each client will receive (i) from the clearing broker a month-end statement of the preferred stock transaction in the account and the month-end preferred stock positions, plus dividends and interest credited to the client's accounts, (ii) from the Futures Commission Merchant, also serving in a transaction clearing capacity, a month-end statement of option transaction in

the account and month-end option positions with their then current market value. Each client will receive confirmation statements directly from the respective clearing firms. Clients are urged to compare statements that are received from the custodian/clearing firm to statements received directly from Firm.

Item 16. Investment Discretion: Firm has discretionary investment authority over client assets that are managed by Firm. Please refer to Items 4(C) and 8(A) for additional details related to client investment guidelines.

Item 17. Voting Client Securities – Proxy Policy:

(A) Firm shall vote proxies related to securities held by any client in a manner solely in the interest of the client. Firm shall consider only those factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, Firm shall establish a proxy voting committee. This committee will be responsible for voting proxies in the best interests of Firm's clients. The chief compliance officer will be the chair of this committee and will be the person responsible for its decisions on proxy voting and shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot. Firm's proxy policies and procedures are set forth in greater detail in Firm's compliance manual.

(B) Firm's proxy voting policy is set forth above. This Item 17(B) is not applicable.

Item 18. Financial Information:

(A) Firm technically bills fees in advance, as the monthly client invoice is determined by the prior month end portfolio value plus the unrealized dividends. Clients pay this invoice generally by or before the end of the current month. However, Firm does not solicit prepayment of fees more than six months in advance. Therefore Firm is not required to attach a balance sheet for the most recent fiscal year.

- (B) Because Firm has discretionary authority over and/or custody of client funds or securities, Firm has disclosed, as follows, any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients: **None**.
- (C) Firm has not been the subject of a bankruptcy petition during the past ten years.

Item 19. Requirements for State-Registered Investment Advisers:

- (A) **Additional Background Information:** Identify each of your principal executive officers and management persons and describe their formal education and business background.

Warren D. Nadel, born - 1950

Formal education after high school -

- Carnegie-Mellon University: B.S. - Administrative and Management Science, 1972
- New York University - Graduate School of Business: M.B.A. - Investment and Corporate Finance, 1973

Business background 1987 – Present -

- Warren D. Nadel & Company, President & CEO
- Registered Investment Advisers LLC, President, CEO, CCO & Member

- (B) Firm is not engaged in any business other than its advisory business. However, as stated above in Item 5(E), Mr. Nadel, accept compensation for the sale of securities in connection with his association with the affiliated broker-dealer, WDNCO. However, Mr. Nadel receives such compensation in his capacity as a registered representative of a broker-dealer, not in his capacity as a supervised person of Firm. Mr. Nadel is the owner of both Firm and WDNCO.
- (C) **Not applicable** – Firm does not receive performance based fees.
- (D) If Firm or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.
 1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - a. an investment or an investment-related business or activity; **Not applicable**

- b. fraud, false statement(s), or omissions; **Not applicable**
- c. theft, embezzlement, or other wrongful taking of property; **Not applicable**
- d. bribery, forgery, counterfeiting, or extortion; **Not applicable**
- e. dishonest, unfair, or unethical practices. **Not applicable**

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- a. an investment or an investment-related business or activity; **Not applicable**
- b. fraud, false statement(s), or omissions; **Not applicable**
- c. theft, embezzlement, or other wrongful taking of property; **Not applicable**
- d. bribery, forgery, counterfeiting, or extortion; **Not applicable**
- e. dishonest, unfair, or unethical practices. **Not applicable**

(E) In addition to any relationship or arrangement described in response to Item 10.C. above, describe any relationship or arrangement that Firm or any of Firm's management persons have with any issuer of securities that is not listed in Item 10.C. **None.**