

**Michael Snow d/b/a  
Snow Financial Management**

**Form ADV Part 2A  
Firm *Brochure***

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**This brochure provides information about the qualifications and business practices of Michael Snow d/b/a Snow Financial Management. If you have any questions about the contents of this brochure, please contact us at: 631-537-5033 or [snow@snowassetmanagement.com](mailto:snow@snowassetmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Michael Snow d/b/a Snow Financial Management also is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Note that although Snow Financial Management is an SEC registered investment adviser, being registered does not imply a certain level of skill or training.

Item 2            Material Changes

The following material changes were made to the Firm's brochure since its last annual update on May 31, 2010:

- The management fees charged by the Firm was revised to 1% annually from 2% annually to correct the typographical error contained in the Firm's Limited Liability Company Agreement and the Firm's brochure. The Firm has never charged a 2% management fee.
- The minimum *client* account size increased to US\$1,000,000 from US\$300,000.

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NOTE:

- Terms in *italics* have the meanings set forth in General Instructions for Form ADV.

Item 4                      Advisory Business

- A. The Firm is a SEC registered investment adviser founded in 1997. The Firm is a New York sole proprietorship of Michael Snow. Michael Snow is the Firm's principal owner, *managing agent* and *managing person*. Michael Snow is also the sole managing member of an *advisory affiliate*, Snow Asset Management, LLC. Snow Asset Management, LLC, a New York limited liability company, is the sole managing member of Snow Fund One, LLC, a New York limited liability company which is a private fund as defined under SEC Rule 203(b)(3)-1.

Michael Snow - Educational Background and Business Experience

- MBA from City College of N.Y. Baruch School of Finance (1973), BA from Fairleigh Dickinson University (1969).
  - Designated Second In Charge of the North American Region Union Bank of Switzerland ("UBS"). (10 Years)
  - Senior Managing Director, Head of Fixed Income at UBS; responsible for: Treasury, Money Markets, Precious Metals, Foreign Exchange, Mortgage Backed Securities, Government Securities, Derivatives, Corporate Bonds, Emerging Markets, High Yield Securities, and Capital Markets. (18 Years)
  - Member of the Management, Investment Policy and Pension Committees at UBS. (3 Years)
  - Member of the Federal Reserve Bank of New York's Foreign Exchange Advisory Committee. (2 Years)
  - Director of ELX Futures, L.P. a fully regulated electronic futures exchange. (1 Year)
- B. The advisory services the Firm offers *clients* are asset allocation, investment advice, portfolio analyses, investment opportunities, and buying and selling of mutual funds, equities, closed end funds, bonds, and options. *Clients* of the Firm include: individuals, pension and profit sharing plans, trusts, estates, and charitable organizations. The Firm offers and provides investment advice regarding the following securities:
- exchange-listed equity securities;

- equity securities traded over-the-counter;
  - corporate debt securities (other than commercial paper);
  - municipal securities;
  - investment company securities, mutual fund shares;
  - United States government securities; and
  - options contracts – securities and indexes.
- C. The Firm tailors its advisory services to the individual needs of its *clients* by engaging in detailed discussions with *clients*. Discussions focus on the particular investment objectives, risks, liquidity/income requirements and any material financial changes of a *client*. *Clients* may impose restrictions on investing in certain securities or types of securities.
- D. The Firm does not participate in any *wrap fee programs*.
- E. *Client* assets under management on a *discretionary* basis as of March 21, 2011 were US\$83.6 Million. The Firm manages no *client* assets on a non-*discretionary* basis. Snow Asset Management, LLC, an *advisory affiliate* of Michael Snow, managed *client* assets of US\$53.2 Million as of March 21, 2011.

Item 5            Fees and Compensation

- A. The Firm is compensated for advisory services fees on a quarterly basis, in arrears, based on the total assets in each *client* account managed by the Firm, payable at the end of each quarter. The Firm's fee is based on the amount of a *client's* assets under management:

- \$1,000,000 - \$6,999,999    = 100 (1%) basis points
- \$7,000,000 - above            = .85 (.85%) basis points

*Performance based fees* are negotiated with certain *clients* on a case by case basis.

With respect to Michael Snow's *advisory affiliate*, Snow Asset Management, LLC, the managing member of the private fund, Snow Fund One, LLC, it is paid a monthly management fee of .8333% (approximately 1% annually) of the aggregate net worth of Snow Fund One, LLC's outstanding membership interests

- as of the end of each calendar month. It is also paid a *performance-based fee* of up to 20% of the amount by which annual returns of Snow Fund One, LLC exceeds a predetermined hurdle. (See Private Placement Memorandum of Snow Fund One, LLC).
- B. The typical method of fee payments to the Firm is via the “bill pay” feature of *clients* on-line brokerage accounts which the Firm has trading authority. The Firm utilizes *clients* “bill pay” to direct fee payments to it for the prior quarter’s management fees. *Clients* receive notification of the fee payments in the Firm’s Quarterly Investment Report (which is mailed or emailed to all *clients* immediately after the close of each quarter) and by email directly from the *client*’s brokerage firm when the “bill pay” is ordered by the Firm. When “bill pay” is unavailable on a *client* brokerage account, the Firm sends an invoice to the *client* with the Firm’s Quarterly Investment Report requesting fee payment via check.
- C. Certain types of securities such as, mutual funds, exchange traded funds, closed end fund and REITs may have fees and/or expenses *clients* may pay in connection with advisory services provided by the Firm. In addition, *clients* will incur brokerage and other transaction costs as described in Item 12 below.
- D. *Clients* do not pay the Firm in advance.
- E. The Firm and its *supervised persons* do not accept compensation from the sale of securities or other investment products.

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

The Firm and its *supervised persons* manage both accounts that are charged *performance-based fees* and accounts that are charged asset based fees as noted in Item 5.A. above. The amount of a *performance based fee* is negotiated with certain *clients* and varies on a case by case basis. The Firm and its *supervised persons* have an incentive to favor *performance based fee* because compensation for advisory services exceed fees charged to asset based fee accounts. To address this conflict of interest neither to Firm nor its *supervised persons* may violate the Firm’s code of ethics or otherwise violate applicable law or fiduciary standards to which the Firm and its *supervised persons* may be subject.

Michael Snow’s *advisory affiliate*, Snow Asset Management, LLC is the managing member of the private fund, Snow Fund One, LLC. Snow Asset Management, LLC is paid a *performance-based fee* of up to 20% of the amount by which annual returns of Snow Fund One, LLC exceeds a predetermined hurdle. *Performance-based fees* arrangements create an incentive for Snow Asset Management, LLC to make investments

that are more risky or more speculative than would be the case if such arrangements were not in effect. Accordingly, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC, may have an incentive to favor the account of Snow Asset Management, LLC because of the *performance-based fee*. To address this conflict of interest, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC may not violate the Firm's code of ethics or otherwise violate applicable law or fiduciary standards to which he may be subject.

Item 7            Types of *Clients*

The Firm generally provides investment advice to *clients* who are individuals, *high net worth individuals*, pension and profit sharing plans, trusts, estates, retirement accounts and charitable organizations. *Clients* are required to have an account managed by the Firm with a minimum of \$1,000,000.00. The Firm reserves the right to provide investment services to *clients* with smaller accounts.

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

- A. The Firm's methods of analysis and investment strategies used in formulating investment advice or managing assets involve the use of fundamental and cyclical analysis. The sources of information the Firm uses include financial databases, news and white papers, annual reports, prospectuses and regulatory filings. Investing in securities involves risks of loss that *clients* should be prepared to bear.
- B. The investment strategies used by the *Firm* include, long term purchases (securities at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions, and option writing (covered options, uncovered options, or spreading strategies). The following risks may be associated with these investment strategies:

Business Risk

Business risk is the measure of risk associated with a particular security. Generally speaking, all businesses in the same industry have similar types of business risk. But used more specifically, business risk refers to the possibility that the issuer of a stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds. Business risk is most applicable to long term purchases, but could also affect short term purchases.

Credit Risk

This refers to the possibility that a particular bond issuer will not be able to make expected interest rate payments and/or principal repayment. Typically, the higher



the credit risk, the higher the interest rate on the bond. Credit risk is most applicable to long term purchases, but could also affect short term purchases.

#### Taxability Risk

This applies to municipal bond offerings, and refers to the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned. Taxability risk is most applicable to long term purchases, but could also affect short term purchases.

#### Call Risk

Call risk is specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk, discussed below, because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bonds with higher coupons and replace them with issues that have lower interest rates. Call risk is most applicable to long term purchases, but could also affect short term purchases.

#### Inflationary Risk

Inflationary risk is the chance that the value of an asset or income will be eroded as inflation shrinks the value of a country's currency. Inflationary risk is most applicable to long term purchases, but could also affect short term purchases.

#### Liquidity Risk

Liquidity risk refers to the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited. Liquidity risk is applicable to long and short term purchases, trading and margin and option investment strategies.

#### Market Risk

Market risk is a risk that will affect all securities in the same manner. In other words, it is caused by some factor that cannot be controlled by diversification. Market risk is applicable to long and short term purchases, trading and margin and option investment strategies.

#### Reinvestment Risk

In a declining interest rate environment, bondholders who have bonds coming due or being called face the difficult task of investing the proceeds in bond issues with equal or greater interest rates than the redeemed bonds. As a result, they are often forced to purchase securities that do not provide the same level of income, unless they take on more credit or market risk and buy bonds with lower credit ratings.

This situation is known as reinvestment risk: it is the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates. Reinvestment risk is most applicable to long term purchases, but could also affect short term purchases.

#### Social/Political Risk

Risk associated with the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value is called social or political risk. Because the U.S. Congress has the power to change laws affecting securities, any ruling that results in adverse consequences is also known as legislative risk. Political risk is applicable to long and short term purchases, trading and margin and option investment strategies.

#### Currency/Exchange Rate Risk

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments, but may also affect long term purchases.

- C. The Firm recommends and has an expertise in options and often engages in uncovered index option selling for its *clients* when appropriate. There are several material risks associated with uncovered option selling:

#### Naked Calls

A naked call position is usually taken when the investor expects the stock or index price to be trading below the option strike price at expiration. It is important to note that the maximum possible gain is the amount of premium collected when the option is sold. Maximum gain is achieved when the option is held through expiration and the option expires worthless.

A call allows the owner of the call to purchase the stock at a predetermined price (the strike price) on or before a predetermined date (the expiration). If a call is sold without owning the underlying stock and the call is exercised by the buyer, the seller will be left with a short position in the stock.

Risk is unlimited when writing naked calls. However, the call writer does have some risk-control strategies available. The easiest is to simply cover the position by either buying the offsetting option or, alternatively, the underlying stock. If the underlying stock is purchased, the position is no longer naked, and it does incur additional risk parameters.

Generally, writing naked options is best done in months that are closer to expiring

rather than later. While it won't change the fact that this trade has unlimited risk, choosing the strike prices wisely can alter risk exposure. The farther away from where the current market is trading, the more the market has to move in order to make that call worth something at expiration.

#### Naked Puts

A naked put is a position in which the investor sells a put option and has no position in the underlying stock or index. Risk exposure is the primary difference between this position and a naked call.

A naked put is used when the investor expects the stock or index to be trading above the strike price at expiration. As in the naked call position, the potential for profit is limited to the amount of premium received. The investor can make the most if the stock or index is trading above the strike price at expiration and expires worthless. If this occurs, the investor will keep the entire premium.

While this type of trade is often referred to as having unlimited risk, this is not actually the case. The risk in the naked put is slightly different than that of the naked call in that the trader could lose the most if the stock went to zero. That is still a significant risk when compared to the potential reward. Unlike the naked call, if the put is exercised against the investor, he will receive the stock (as opposed to receiving a short position in the stock, as is the case of the naked call). This would allow the investor to simply hold the stock as part of his possible exit strategies.

#### Item 9            Disciplinary Information

There are no legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of the Firm's advisory business or the integrity of its management.

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

- A. Neither the Firm nor its *management persons* are registered, or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Firm nor any of its *management persons* are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Michael Snow's *advisory affiliate*, Snow Asset Management, LLC is the managing member of a pooled investment vehicle, Snow Fund One, LLC. Snow

Asset Management, LLC is paid a *performance-based fee* of up to 20% of the amount by which annual returns of Snow Fund One, LLC exceeds a predetermined hurdle. *Performance-based fees* arrangements may create an incentive for Snow Asset Management, LLC to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect. Accordingly, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC, may have an incentive to favor the account of Snow Asset Management, LLC because of the *performance-based fee*. To address this conflict of interest, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC may not violate the Firm's code of ethics or otherwise violate applicable law or fiduciary standards to which he may be subject.

- D. Other than recommending investments in Snow Fund One, LLC to certain of the Firm's *clients* where fees are payable to Michael Snow's *advisory affiliate*, Snow Asset Management, LLC as set forth Item 5.A. and Item 6 and the conflict of interest described and addressed in Item 10.C. above, the Firm does not recommend or select other investment advisors which the Firm directly or indirectly receives compensation from those advisors.

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

- A. The Firm has a code of ethics adopted pursuant to SEC Rule 204A-1. Its purpose is to identify the ethical and legal framework in which the Firm and its employees are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Firm's standard of business conduct.

The Firm will provide a copy of its code of ethics to any *client* or prospective *client* upon request. The key aspects of the policy include:

- Standard of Business Conduct  
Firm employees have the responsibility to ensure that the Firm conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties to the Firm's *clients*. Employees have a duty to place the interests of the Firm's *clients* first, and to refrain from having outside interests that conflict with the interests of its *clients*.
- Prohibited Conduct  
Firm employees must avoid any circumstances that might adversely affect, or appear to affect, their duty of complete loyalty to the Firm's *clients*.
- Personal Securities Transactions

Firm employees may buy and sell the same securities that are purchased on behalf of its *clients*, which can create a conflict of interest. In order to mitigate these conflicts of interests, the Firm has adopted a personal account trading policy. The policy is designed to assist the Firm's Chief Compliance Officer in avoiding potential conflicts of interests and detecting and preventing abusive sales practices such as "scalping" or "front running." The Firm's comprehensive policy includes restrictions on the purchases and sales of securities and approvals of transactions to be made by the Chief Compliance Officer. Firm employees are required to prepare initial, quarterly, and annual securities reporting to the Firm's Chief Compliance Officer). In addition, the Firm receives duplicate statement copies for all brokerage accounts of its employees.

- Conflicts of Interests

The Firm has a duty to disclose potential and actual conflicts of interest to its *clients*. Employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain.

- Review and Enforcement

The Firm's Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on the Firm's behalf in order to prevent and detect violations of the code of ethics by such persons.

- B. From time to time, Michael Snow's *advisory affiliate*, Snow Asset Management, LLC, the managing member of a pooled investment vehicle, Snow Fund One, LLC, may solicit *client* investments. Snow Asset Management, LLC is paid a *performance-based fee* of up to 20% of the amount by which annual returns of Snow Fund One, LLC exceeds a predetermined hurdle (which may include, without limitation, the prior high net worth or net asset value). *Performance-based fees* arrangements create an incentive for Snow Asset Management, LLC to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect. Accordingly, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC, may have an incentive to favor the account of Snow Asset Management, LLC because of the *performance-based fee*. To address this conflict of interest, Michael Snow, as the *managing agent* of the Firm and the managing member of Snow Asset management, LLC may not violate the Firm's code of ethics or otherwise violate applicable law or fiduciary standards to which he may be subject.

- C. Michael Snow's *advisory affiliate*, Snow Asset Management, LLC, may invest in the same securities (or related securities *e.g.* warrants, options or futures.) as the Firm's *clients*. Conflicts of interest with *clients* are unlikely because the type of securities involved have a large trading volume and are generally bought and sold on national exchanges and consequently, the purchase or sale of those securities by either the Firm, on behalf of its *clients*, and/or Snow Asset Management, LLC, on behalf of Snow Fund One, LLC does not significantly affect the price or liquidity of the securities. Firm employees may buy and sell the same securities that are purchased on behalf of the fund, which can create a conflict of interest. In order to mitigate these conflicts of interests the Snow Asset Management, LLC adheres to the Firm's personal account trading policy. The policy is designed to avoiding potential conflicts of interests and detecting and preventing abusive sales practices such as "scalping" or "front running." The Firm's comprehensive policy includes restrictions on the purchases and sales of securities and approvals of transactions to be made by the Chief Compliance Officer.
- D. The Firm may recommend to *clients* or buy or sell the securities for *client* accounts at the same time Michael Snow's *advisory affiliate*, Snow Asset Management, LLC buys or sells the same securities. Conflicts of interest with *clients* are unlikely because the type of securities which are bought and sold have a large trading volume and are generally bought and sold on national exchanges and consequently, the purchase or sale of those securities by either the Firm, on behalf of its *clients*, and/or Snow Asset Management, LLC, on behalf of Snow Fund One, LLC does not significantly affect the price or liquidity of the securities.

Item 12      Brokerage Practices

- A. 1.      Research and Other Soft Dollar Benefits. The Firm does not receive research or other products or services other than execution from a broker-dealer in connection with *client* securities transactions, although the Firm may receive such soft dollar benefits in the future.

Michael Snow's *advisory affiliate*, Snow Asset Management, LLC, the managing member of a pooled investment vehicle, Snow Fund One, LLC does not receive research or other products or services other than execution from a broker-dealer in connection with Snow Fund One, LLC securities transactions, although it may receive such soft dollar benefits in the future.

- A.2. Brokerage for Client Referrals. The Firm and its *related persons* do not receive *client* referrals from any broker-dealer or third party for selecting or recommending broker-dealers.
- A.3. Directed Brokerage.
- a. All *clients* must open an account at third party custodian/ brokerage firm Fidelity Investments or thinkorswim, Division of TD Ameritrade, Inc. Not all advisors require their *clients* to direct brokerage. The Firm, Fidelity Investments and thinkorswim are not affiliates and do not have any economic relationship that creates a material conflict of interest. Clients open accounts in their own name and the Firm has limited account trading authorization. Based upon Michael Snow's experience with Fidelity Investments and thinkorswim, Division of TD Ameritrade, Inc, the brokerage services offered to the Firm and its *clients* are reasonably priced relative to prevailing market conditions. Currently, Fidelity Investments and thinkorswim are low cost providers of those services.
- b. The Firm does not permit its *clients* to direct brokerage.
- B. The Firm does not aggregate the purchase or sale of securities for various *client* accounts. Fidelity Investments does not offer the Firm or its *clients* the ability to aggregate orders. Fidelity Investments is a low cost provider of the brokerage services utilized by the Firm and its *clients*.

Item 13          Review of Accounts

- A. The Firm typically reviews all of its *client* accounts on daily basis, but no less than on a weekly basis. The reviews are conducted by Michael Snow, Investment Advisor, and Mark Snow, Investment Advisor and are done using the on-line platform of *Client's* Fidelity Investments or thinkorswim, division of TD Ameritrade, Inc. custodian/ brokerage account. The review consists of an examination of each *client's* account balance, holdings, and money movements (contributions or withdrawals). Daily track sheets are used for monitoring account balances, although some accounts with smaller balances are tracked less frequently.
- B. The Firm reviews *client* accounts on a periodic basis. See Item 13.A. above.
- C. The Firm provides each *client* with written quarterly investment results and a report that contains a review of the prior quarter's market results, key economic developments and the Firm's outlook for the upcoming quarter. The calculations performed to determine a *client* results for a quarter are obtained directly from Fidelity Investment's or thinkorswim's on-line account platform. *Clients* receive

the quarterly investment reports from the Firm either via mail or email typically within a couple of business days after the end of a quarter. It is noted that *clients* also receive the following directly from Fidelity Investments or thinkorswim, division of TD Ameritrade, Inc., as applicable:

- Confirmations of each trade made in the *client* account.
- A monthly brokerage report detailing among other things, account balance, (both beginning and ending balances), account performance, costs, commissions, and account holdings.

Item 14      *Client Referrals and Other Compensation*

- A. The Firm receives no economic benefit from anyone who is not a *client* for providing investment advice or other advisory services to the Firm's *clients*.
- B. The Firm and Michael Snow's *advisory affiliate*, Snow Asset Management, LLC, may from time to time, enter into written arrangements, on a non-exclusive and non-agent basis in conformance with SEC rule 206(4)-3, to compensate any person for *client referrals*. The arrangements require among other things, that the solicitor comply with the requirements of rule 206(4)-3 and other applicable law, as well as the terms of the solicitation agreement. Typically, a solicitor is paid 20% of the fees payable to the Firm applicable to the investor introduced to the Firm by the solicitor. The solicitor must at the time of the solicitation provide the *client* with a copy of this *brochure* and a separate document which discloses:
- a description of the solicitation agreement;
  - any affiliation between the solicitor and the Firm or Snow Asset Management, LLC, as applicable;
  - the compensation paid for the solicitation; and
  - whether the advisory fee for solicited *clients* are higher than those for other *clients* due to compensation paid to the solicitor.

Item 15      *Custody*

*Clients* receive monthly account statements directly from Fidelity Investments or thinkorswim, Division of TD Ameritrade, Inc. and quarterly statements from the Firm. *Clients* should carefully review and compare those statements.



Item 16 Investment Discretion

The Firm accepts discretionary authority to manage securities accounts on behalf of *clients*. Discretionary authority is assumed pursuant to the terms of Fidelity Investments or thinkorswim, Division of TD Ameritrade, Inc. Limited Trading Authority Agreement. Once the form is accepted by Fidelity Investments or thinkorswim, the authority granted under those agreements is limited to executing trades and making *client* account inquiries.

Item 17 Voting *Client* Securities

The Firm does not have authority to vote *client* securities. *Clients* receive their proxies and other solicitations directly from Fidelity Investments or thinkorswim, Division of TD Ameritrade, Inc. *Clients* may contact the Firm either in writing or via phone with any questions they may have regarding proxies or solicitations they receive from their custodian.

Item 18 Financial Information

- A. The Firm does not require or solicit prepayment of fees from *clients*
- B. There is no financial condition of the Firm that is reasonably likely to impair the Firm's ability to meet contractual commitments to *clients*.
- C. The Firm has never been the subject of a bankruptcy petition.