

# GRIDLEY

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## ASSOCIATES INC.

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Financial Planning and Investment Management

### FORM ADV PART 2A\* SEC-Required Brochure

February 2011

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\*This brochure provides information about the qualifications and business practices of Gridley Associates Inc. If you have any questions about the contents of this brochure, please contact us at telephone 415.397.1100. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Gridley Associates Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A**

On July 31, 2010, the Securities and Exchange Commission (“SEC”) adopted revised rules regarding the format and content of the Form ADV Part 2 disclosure brochure. Pursuant to these revised rules, all SEC-registered investment advisors were required to prepare a new ADV Part 2 brochure that is presented in a narrative format and that addresses certain enumerated disclosure topics. Most of these topics were addressed in the Schedule F to Gridley Associates Inc. (“Gridley Associates”) prior ADV Part II and have been re-stated here in a more identifiable and readable presentation.

This amended Form ADV Part 2 contains prior content from the Firm’s Form ADV Part II brochure statement as well as additional required information.

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## **1. ADVISORY BUSINESS**

Years in Business -	Since 2001
Registration Status -	Registered with the SEC on June 4, 2007 <sup>1</sup>
	Principal Owner - Lewis R. Gridley

### **ADVISORY SERVICES**

Gridley Associates, Inc. ("Gridley Associates" or "Advisor") is an independent investment advisor registered under the federal Investment Advisers Act of 1940 that provides comprehensive financial planning and investment management services to individuals.

Lewis R. ("Randy") Gridley, principal of the Firm, consults with each client to design an individualized investment plan for based on a number of factors. These include without limitation, the client's financial condition, investment goals and objectives, risk tolerances, asset class preferences, time horizons, liquidity needs and other factors. Randy helps each of the Firm's clients identify a strategic asset allocation that is consistent with the client's investment objectives and other client criteria. The Firm does not undertake to provide clients with tax, legal or accounting advice and clients are admonished to consult their own attorneys and accountants for determining the tax, legal and accounting consequences of investments made on their behalf.

### **ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2010**

Discretionary Assets - \$50.9 Million

Non-discretionary Assets - None

### **TERMINATION OF AGREEMENT**

Clients may terminate their investment management agreement upon 30 days written notice to the Firm. Any earned fees owed to Gridley Associates will be deducted from the client's account on a pro rata basis determined on the amount of time expired in the calendar quarter as of the thirtieth day after notice is given.

An advisory client will have a period of five business days from the date of signing the investment advisory agreement to rescind the agreement and receive a full refund of fees. Any transaction costs imposed by the executing broker or custodian for trades occurring during those five days are non-refundable.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with

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<sup>1</sup> "Registration" means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## **2. FEES AND COMPENSATION**

### **ADVISORY FEES**

For its investment management services, Gridley Associates charges either:

1. An annual retainer fee, based upon the size and complexity of the client's financial condition and investment goals and the time commitment required of Gridley Associates; or
2. A management fee based on a percentage of assets under management, currently ranging from 0.5% to 1.5%.

All advisory fees are payable quarterly in arrears, based on the market value of the portfolio on the last day of the preceding calendar quarter. The advisory fee is exclusive of brokerage commissions, transaction fees, custodial fees and other related costs and expenses which are borne by the client. For new accounts, Gridley Associates charges a fee based on the value of assets placed in the account, prorated to the portion of the calendar quarter during which the assets were under management by the Firm.

The management fee is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at Advisor's discretion. Any deviations from the standard fee are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

Clients customarily authorize Gridley Associates to deduct its quarterly investment advisory fee directly from their custodial account. This authorization is granted under the terms of the client's signed investment management agreement. It is the Client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

### **FINANCIAL PLANNING FEES**

Fees for financial planning services may be on either a fixed fee or hourly basis depending upon the complexity of the client's financial and personal circumstances. Fixed fees range from \$500 to \$10,000. Hourly fees are billed at \$200-250 per hour.

## **GENERAL FEE DISCLOSURE**

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Gridley Associates.

Gridley Associates receives no sales commissions on investment products purchased or sold for client accounts.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

## **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

All custodians and executing broker-dealers receive compensation in the form of commissions or other transaction fees on assets custodied and securities trades executed through them on behalf of clients.

In addition, if Advisor executes trades on its clients' behalf at a broker-dealer other than the custodian of the client's account, there may be additional charges referred to as "trade away" fees for clearing and settling the trade. These expenses are in addition to commissions paid and other fees charged by the executing broker-dealer.

Gridley Associates will attempt to minimize the total cost for all brokerage services paid by its clients. However, it may be the case that a client's custodian of choice charges a higher fee for a particular type of service than can be obtained from another broker or that the total costs of all services provided by that custodian may be higher than can be obtained at another broker. Gridley Associates will make a good faith effort to limit such costs to levels reasonable in relation to the value of brokerage services provided by a broker, viewed in terms of Gridley Associates' overall responsibilities to its clients.

## **FUND DISCLOSURES**

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely.

In addition to stocks and bonds, Gridley Associates may invest in diversified investments such as mutual funds, exchange traded funds and closed-end funds. The investment strategies, objectives and types of securities held by these funds vary widely. When investing in mutual funds Gridley Associates generally invests in no-load funds, or funds that are available without payment of the load. Some of these funds are available without transaction fees upon purchase.

However, all such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Gridley. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

### **BOND DISCLOSURE**

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

### **3. PERFORMANCE-BASED FEES**

No part of Gridley's investment management fee is based upon capital gains or the capital appreciation of assets.

### **4. TYPES OF CLIENTS**

Our clients include individuals and their trusts and estates and charitable foundations. We have established a \$1 million minimum value of assets for opening an individual client account. As a result, Gridley's services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisers may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

The Firm generally requires advisory clients to maintain a minimum account size of \$1,000,000, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances.

## **5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

### **METHODS OF ANALYSIS AND**

Depending upon the type of investment, Gridley Associates utilizes a combination of fundamental and cyclical analysis. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Cyclical analysis refers to stocks that are sensitive to business cycles and tied strongly to the overall economy (i.e. automobiles and housing). In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals.

### **INVESTMENT STRATEGY**

The overall investment philosophy of Gridley Associates is to, wherever appropriate, invest in a broadly diversified group of equities and/or fixed income instruments with an emphasis on long term returns. Specific investments are chosen on a basis of expectations of future performance, low transaction costs, diversification and the specific tax considerations of each account. When choosing mutual funds Gridley Associates attempts to select low cost funds with consistent, strong long term performance in up and down markets. Fixed income investments are chosen on a basis of our judgment of appropriate risk and return characteristics and in almost all cases bonds are purchased with an expectation of being held to maturity. Gridley Associates encourages long term holding of investments and a focus on long term results. Although certain market sectors may be over weighted from time to time, Gridley Associates strives to maintain portfolios of broadly diversified investments within the context of a specific client's personal situation.

Analysis is performed utilizing a variety of resources including, but not exclusively, Morningstar, mutual fund reporting data, numerous news services and information gleaned from various other sources.

### **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Here are some of the general risks associated with parts of our investment strategy:

**Short-term purchases** - on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

**Bond Pricing** - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds



with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

**Inflation** - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Reinvestment of Dividends** - An investor can choose to reinvest interest, dividends and capital gains to accumulate wealth. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate than was initially earned.

## **6. DISCIPLINARY INFORMATION**

Gridley Associates has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

## **7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Gridley Associates is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients use Fidelity Brokerage Services LLC ("Fidelity") as the custodian for their investment accounts, we have no affiliation with Fidelity, do not supervise its brokerage activities, and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

## **8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Gridley Associates, its employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. Gridley Associates has adopted employee personal trading policies and procedures and a code of ethics to govern Firm and employee trading practices. Gridley Associates' principal and employees are required to report all personal securities transactions to the Firm on a regular basis. Employees are required to sign a

certification agreeing to abide by the Firm's personal trading practices and code of ethics. The Firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

It is the policy of Gridley Associates not to give preference to orders for personnel associated with the Firm regarding employee trades in the same securities as client trades. Gridley Associates and/or its employees may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by Gridley Associates and/or its employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and Gridley Associates and/or its employees on the same day, either Gridley Associates and/or its employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that Gridley Associates and/or its employees' personal transactions might be executed at more favorable prices than were obtained for clients.

Gridley Associates and/or its employees may buy or sell different investments, based on personal investment considerations, which Gridley Associates may not deem appropriate to buy or sell for clients. It is also possible that Gridley Associates and/or its employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Gridley Associates and/or its employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities which are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks, penny stocks), are purchased by Gridley Associates and/or its employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, Gridley Associates and/or its employees may liquidate a security position which is held both for their own account and for the accounts of Gridley Associates clients, sometimes in advance of clients. This occurs when personal considerations (i.e. liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as creating a conflict of interest.

In rare circumstances, Gridley Associates may recommend to clients the same securities that employees previously acquired for themselves in non-public transactions. In addition, Gridley Associates and/or its employees may purchase options on the same securities held on behalf of clients.

## **9. BROKERAGE PRACTICES**

### **RECOMMENDATION OF FIDELITY AS CUSTODIAN AND EXECUTING BROKER**

Gridley Associates recommends that clients establish brokerage accounts with Fidelity Brokerage Services, a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Fidelity is independently owned and operated and not affiliated with Gridley Associates and does not supervise or otherwise monitor Gridley Associates' investment management services to its clients. Fidelity provides Gridley Associates with access to its institutional trading and custody services, which typically are not available to Fidelity retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum amount of the advisor's clients' assets is maintained in accounts at Fidelity, but are not otherwise contingent upon Gridley Associates committing to Fidelity any specific amount of business (in the form of either assets in custody or trading). Fidelity's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institution investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to Gridley Associates other products and services that benefit Gridley Associates but may not benefit its clients. Some of these other products and services assist Gridley Associates in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Gridley Associates' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Gridley Associates' accounts, including accounts not maintained at Fidelity. Fidelity also makes available to Gridley Associates other services intended to help Gridley Associates manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity may make available, arrange and/or pay for these types of services to Gridley Associates by independent third parties. Fidelity may discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to Gridley Associates.

Gridley Associates' recommendation that clients maintain their assets in accounts at Fidelity may be based in part on the benefit to Gridley Associates of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity, which may create a potential conflict of interest.

## **BEST EXECUTION POLICY**

Gridley Associates is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, Gridley Associates' primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, Gridley Associates may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. Gridley Associates may select broker-dealers whose fees may be greater than those charged for similar investments if Gridley Associates determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

Gridley Associates reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom EIA executes transactions on behalf of clients.

## **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

Gridley Associates is not currently a party to any arrangements whereby it receives research or brokerage services from executing broker-dealers in exchange for executing commissionable securities transactions through such broker-dealers. Should the Firm enter into any such arrangements in the future, Gridley Associate's policy would be to limit its use of such soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended.

Gridley Associates may, on occasion, be the recipient of unsolicited discounts on software and other services from Fidelity. The discounts are generally offered to all advisory firms that fit a common profile and Gridley Associates is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts.

## **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

Gridley Associates may aggregate orders of more than one client if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to

obtain lower commissions and costs or a better transaction price. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a *pro rata* basis, based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. It is our policy that trades are not allocated in any manner that favors one group of similarly-situated clients over another.

Client transactions may be aggregated according to custodial relationship in consideration of execution charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because Gridley Associates manages more than one client account, there may be a conflict of interest over the allocation of investment opportunities among all accounts managed by Advisor. Advisor will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. Advisor may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is Advisor's policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. Advisor is not obligated to acquire for any client account any security that it or its principal, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of Advisor based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

Advisor and/or its associated persons may participate in such aggregated orders to the extent such employee trades are pre-authorized and consistent with the Firm's code of ethics. There may be circumstances in which transactions on behalf of Gridley Associates or its associated persons may not, under certain laws and regulations, be combined with those of some of Gridley Associates' other clients. In such cases, neither Gridley Associates nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

#### **10. REVIEW OF ACCOUNTS**

Investment management client portfolios are reviewed by Randy Gridley at least annually for consistency with the Firm's investment strategy and relevant client investment guidelines. He routinely monitors client holdings to track asset class

allocations, cash allocations and other factors. Periodic allocation adjustments may be recommended due to client investment guideline changes, client deposits and withdrawals and significant changes in client circumstances (births, deaths, marriage, divorce, etc.) More frequent reviews of client accounts are conducted in response to changes in the financial markets, changes in the Firm's investment strategy or upon client request. Client holdings reviews for clients that retain Gridley Associates on a consultancy basis (hourly fee) are reviewed only upon client request. Reports on investment holdings and reports not directly related to investment issues are produced for requesting clients intermittently.

Clients receive a monthly statement from the custodian of their account. Additionally, Gridley Associates provides custom reports to all clients at least bi-annually. Bi-annual reports from Gridley Associates include the asset allocation of the account, a summary of assets held in the account and account investment performance.

#### **11. CLIENT REFERRALS AND OTHER COMPENSATION**

Gridley Associates does not pay referral fees to any third party firms or individuals for recommending the Firm to prospective clients, nor is the Firm or its employees paid referral fees by any third party for referring clients to their businesses. We do not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

Gridley Associates employees are not paid "sales awards" or other prizes for referring clients to the Firm.

#### **12. CUSTODY OF CLIENT ASSETS**

Gridley Associates does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Gridley Associates is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party.

#### **13. INVESTMENT DISCRETION**

For its investment management clients, Gridley Associates is generally granted broad investment discretion over client assets including the authority to select the investments to be made, the quantity of securities to be bought and sold and the executing broker-dealer to be used in effecting securities transactions. This discretion

may be limited by client investment guidelines and any investment restrictions established by the client. In some cases, clients may place assets with Gridley Associates on a non-discretionary basis whereby the client retains the authority to approve each contemplated securities transaction. Clients may re-designate their accounts from discretionary to non-discretionary or vice versa upon request to Gridley Associates.

In addition to using brokers as "agents" and paying commissions, Gridley Associates may effect transactions in securities directly from or to dealers acting as principal at prices that include markups or markdowns and may purchase from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers.

#### **14. VOTING CLIENT SECURITIES**

Gridley Associates accepts and exercises proxy voting authority with respect to securities held in client accounts. Proxies are voted in the manner that the Firm, in its sole discretion, determines are in the best long-term interests of its clients. Policies and procedures are implemented by the Firm to ensure its compliance with all regulatory requirements and are made available to clients upon written request.

#### **15. STATEMENT OF FINANCIAL CONDITION**

Gridley Associates does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.