



SimonDavis Asset Management, Inc. Form ADV Part 2A Brochure

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Form ADV Part 2A brochures are not approved by the Commission or any state securities authority.

Item 2. Material Changes:

This page identifies and discusses any material changes to SimonDavis Asset Management, Inc. since the date of last year's brochure filing.

There are no material changes to disclose.

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Item 4. Advisory Business:

SimonDavis Asset Management, Inc. ("Advisor" or "We") is registered under the Investment Advisors Act of 1940 and similar state statutes.

In general, when acting in its capacity as an investment advisor, we provide individual and institutional investment advisory and financial planning services. These services are provided through discretionary and non-discretionary portfolio management, written comprehensive or modular financial plans, hourly consultations, financial education, seminars, and expert witness services.

Investment Management:

At SimonDavis Asset Management, Inc. we deliver a number of custom-tailored and proprietary investment strategies. While the investment objective of each strategy is to provide profits, all strategies contain risks and the potential for losses. Below, item 8 explains our methods of analysis, investment strategies and risk of loss. Additional detail regarding all of our proprietary investment strategies is available upon request.

As mentioned previously, we may provide investment advisory solutions to other institutions. SimonDavis Institutional Services, a division of SimonDavis Asset Management, Inc., markets the firm's proprietary separately managed account strategies to other investment advisors ("RIAs"). We receive compensation for these services pursuant to an agreements with these RIAs. A full description of the programs and services available through SimonDavis Institutional Services is provided to the client upon receipt and review of the applicable RIA's Form ADV Part 2A and 2B or equivalent brochures, investment advisory agreements, and account opening documents. The clients of thes RIA's sign an investment advisory agreement with their RIA and with us.

Financial Plans/Financial Planning:

Investment Advisory Representatives ("Associates") of SimonDavis Asset Management, Inc. are able to provide comprehensive financial planning solutions through an Integrated Financial Plan (IFP). Associates analyze the client's financial and investment situation including, but not limited to: investment portfolio analysis; retirement planning; education planning; estate and wealth transfer planning; insurance planning; cash management planning; and, tax planning considerations. Once an agreed upon plan has been completed our Associate will furnish you with the financial plan. These plan may be comprehensive in nature or simply address one specific "a la carte" need.

In an effort to be able to better provide and implement comprehensive financial planning services, our Associates may also be licensed insurance agents. Associates may be licensed with multiple insurance companies and may sell life insurance, disability insurance, long-term care insurance and annuity products. Associates may also participate in life settlements. In summary, SimonDavis Associates may utilize virtually any tool or product necessary to provide objective and comprehensive financial planning. Most of these "other products" entitle the Associate to compensation that is separate from fees received for investment advisory fees and financial planning fees. Associates may recommend securities and/or insurance products to their clients that they own or purchase themselves. This may present a conflict of interest. Some view the ability to receive commissions on insurance products as a conflict of interest. Others view not being able to be compensated for the implementation of insurance products (and only investment products) as a conflict of interest.

Neither SimonDavis Asset Management, Inc. nor its Associates provide legal or tax advice. We make recommendations on a “best efforts” basis but are unable to predict changes in the market or economy. We cannot guarantee that their recommendations will result in financial gain for the client.

Seminars:

Occasionally, our Associates will conduct seminars on investment programs, estate and wealth transfer planning, business planning, insurance products and other financial planning matters. There may, or may not be a cost for attending these seminars. The content of these seminars is general in nature and is geared towards the audience which may be prospective clients, CPA's or attorney's. The concepts presented in the seminars are general and not necessarily specific to the needs and objectives of the individuals attending the seminar.

Assets Under Management:

As of December 31, 2011 the firm managed the following (in \$US):

	Amount	# of Accounts
Discretionary:	\$ 69,804,088	415
<u>Non-Discretionary:</u>	<u>\$ 25,353,500</u>	<u>166</u>
Total:	\$ 95,157,588	581

Associates of SimonDavis Asset Management, Inc. do have a business continuity plan with the company.

Item 5. Fees and Compensation:

For all investment accounts, trading fees and transaction costs are borne by the client. We believe this best keeps our interests aligned with yours. For example, when trading costs are borne by a firm, that firm would have a conflict of interest as it would have incentive not to trade an account in an effort to avoid firm expenses.

For most investment account options fees are deducted by the custodian directly from your account on a quarterly basis. When direct debiting is not available, we send an invoice directly to you or the custodian due in full within 30 days. We instruct each custodian to deduct and pay the applicable fee to SimonDavis Asset Management, Inc. We then send a copy of the invoice to the Custodian or Trustee and at the same time send a copy of the invoice to you. The custodian will send copies quarterly to you detailing all disbursements from the custodial account, including the amount of the advisory fee. We obtain advance authorization from you to allow us to be paid fees directly by the custodian.

For the first partial calendar quarter during which you have participated in a SimonDavis Asset Management, Inc. investment program, the advisory fees will be billed in arrears, based on a pro rated basis as of the date the account is opened and funded. For each calendar quarter thereafter, the fee will be billed in advance based on the value of your account as of the final day of the immediately preceding calendar quarter. Fees may be subsequently adjusted at the end of any calendar quarter to reflect significant additions to, or withdrawals from, the account. Any such adjustments will be made on a pro

rata basis during the calendar quarter for which the adjustment is made. These fees are the fees payable to SimonDavis Asset Management, Inc.

For most investment account options, fees are not negotiable for accounts under \$5 million dollars. In rare circumstances fees may be negotiated on Discretionary Individual Brokerage Accounts (discussed later). Clients of any investment platform offered through SimonDavis Asset Management, Inc. are able to request a full refund of first quarter advisory fees if they present to us in writing, a request to terminate their account within five (5) days of the date the investment account application is signed. Fees incurred from trading activities in the account (such as trading fees incurred to obtain initial account positions and fees incurred to liquidate those holdings upon account termination and any early redemption fees imposed by mutual funds) will not be reimbursed. Any account appreciation or depreciation during the five day period will be borne or kept by the client. If a client terminates an account before the end of a calendar quarter that has already been billed, the client will not receive a refund for any prepaid, unused fees. Subsequently, the Investment Advisory Agreement may be terminated at any time by either party upon written notice.

Clients prior to March 24, 2006 may have advisory fee schedules that differ from those listed herein and those listed in the most current SimonDavis Asset Management, Inc. Investment Advisory Agreement. Examples include, but are not limited to, non-tiered fee structures and accounts where trading and transactions costs are borne by SimonDavis Asset Management, Inc., among others. These different fee structures are not available to new clients. These clients may also have fees prorated and refunded to them if they close an account prior to the end of a full billing period.

We receive compensation for the services provided under both our retail/direct business and under SimonDavis Institutional Services institutional business pursuant to an Investment Advisory Agreement, and pursuant to the authorization on file with the custodian. You authorize in a written agreement with us that you agree to let each custodian deduct and pay us the advisory fee from each of your accounts. This advisory fee is based on the market value of the assets held in each account. Notwithstanding the advisory fee, in no event shall the quarterly account fee be less than \$25 for any account. Unless otherwise agreed upon in writing, fees will be charged on all assets held in each account including, but not limited to: cash; all marketable securities; options; and, restricted stock. One quarter of the applicable annual advisor fee identified above will be deducted quarterly of the total assets under management. Institutional accounts may have higher account minimums and a lower fee structure than direct/retail accounts.

As a condition of participating in our investment programs, you authorize the establishment of a clearing, custodial or other brokerage services relationship with Fidelity Brokerage Services, LLC and National Financial Services, LLC, Members NYSE, SIPC and/or Charles Schwab Investment Services Member NYSE, SIPC. Occasionally, the brokerage account platform (discussed later) may utilize other custodian and clearing services. Separate applicable clearing charges and trading fees will be deducted from the underlying brokerage account. These separate fees and charges are not included in the advisory fees referenced below and are paid to the respective custodian, not SimonDavis.

Clients should note that if they choose to participate in any investment platform offered through SimonDavis Asset Management, Inc. that best execution may not be achieved, due to selection of specific custodians through participation in the platform. SimonDavis Asset Management, Inc. strives to use broker(s) that achieve best execution.

Fees charged by SimonDavis Asset Management, Inc. do not include any charge for insurance advice. Insurance advice may be given but only in the Associates capacity as a licensed insurance agent. No separate fee may be charged because various federal and state statutes prohibit charging such a fee. However, if properly licensed, Associates may receive commissions upon the sale of insurance products. A financial plan, however, may include cash flow information regarding a client's insurance policies.

We offer individual financial planning services. These services are offered on a comprehensive or a la carte (limited focus) basis. All financial planning activities are performed on an hourly fee basis depending on your needs and the complexity of your specific financial situation. The hourly fee charged will be one hundred and fifty dollars (\$150). One half of the fee is payable in advance of the financial plan. You have the right to terminate the Financial Planning Agreement for any reason if you provide to us, in writing, a request to do so within five (5) days from the date that the agreement is signed. If you choose to do so, you will receive no less than one half (½) of the amount paid, or any unearned portion of that amount, whichever is greater.

You may choose any insurance agent or investment advisor to implement the recommendations made in the financial plan. If you choose to utilize our services for implementation of investment or insurance products and programs, additional compensation in the form of fees and/or commissions will be received by your Associate and the Company. These charges are entirely separate from the fees charged for the financial plan itself. Clients may be able to attain recommended investment and/or insurance products from other product sponsors at a lower cost. Some view the ability to receive commissions on insurance products as a conflict of interest. Others view not being able to be compensated for the implementation of insurance products (and only investment products) as a conflict of interest.

From time to time, various attorneys retain the Principal of SimonDavis Asset Management, Inc. to serve as an expert witness in insurance and investment lawsuits and arbitrations. A fee of \$300, or more per hour is charged for expert witness services.

The various fee schedules for SimonDavis Asset Management, Inc. investment management services are detailed below:

Retail Fee Schedules:

<u>Individual Brokerage Accounts (Non-discretionary):</u> <i>(<u>\$5,000 minimum</u>)</i>		
<u>Assets:</u>	<u>Annual Fee:</u>	<u>Quarterly Fee:</u>
First \$100,000	1.25%	.3125%
Next \$400,000 (up to \$500,000.00)	1.00%	.2500%
Next \$500,000 (up to \$1,000,000.00)	.75%	.1875%
Next \$4,000,000 (up to \$5,000,000.00)	.50%	.1250%
Above \$5,000,000	.35%	.0875%

<u>Individual Brokerage Accounts (Discretionary):</u> <i>(\$100,000 minimum)</i>		
<u>Assets:</u>	<u>Annual Fee:</u>	<u>Quarterly Fee:</u>
First \$500,000	1.50%	.3750%
Next \$500,000 (up to \$1,000,000.00)	1.00%	.2500%
Next \$4,000,000 (up to \$5,000,000.00)	.75%	.1875%
Above \$5,000,000	.50%	.1250%

<u>New Frontier Series (SMA's):</u> <i>(\$50,000 minimum)</i>		
<u>Assets:</u>	<u>Annual Fee:</u>	<u>Quarterly Fee:</u>
First \$100,000	1.25%	.3125%
Next \$400,000 (up to \$500,000.00)	1.00%	.2500%
Next \$500,000 (up to \$1,000,000.00)	.75%	.1875%
Next \$4,000,000 (up to \$5,000,000.00)	.50%	.1250%
Above \$5,000,000	.35%	.0875%

<u>Accelerated Growth (SMA):</u> <i>(\$100,000 minimum)</i>		
<u>Assets:</u>	<u>Annual Fee:</u>	<u>Quarterly Fee:</u>
First \$250,000	1.95%	.4875%
Next \$250,000 (up to \$500,000.00)	1.75%	.4375%
Next \$500,000 (up to \$1,000,000.00)	1.50%	.3750%
Next \$4,000,000 (up to \$5,000,000.00)	1.25%	.3125%
Above \$5,000,000	1.00%	.2500%

<u>Monument(SMA)</u> <i>(\$100,000 minimum)</i>		
<u>Assets:</u>	<u>Annual Fee:</u>	<u>Quarterly Fee:</u>
First \$500,000	1.90%	.4750%
Next \$500,000 (up to \$1,000,000.00)	1.75%	.4375%
Next \$1,000,000 (up to \$2,000,000.00)	1.50%	.3750%
Next \$3,000,000 (up to \$5,000,000.00)	1.25%	.3125%
Above \$5,000,000	1.00%	.2500%

The Institutional Fee Structure shall be calculated at 0.95% of all account assets per annum for New Frontier Series SMA accounts and at 1.25% of all account assets per annum for Accelerated Growth SMA and Monument SMA accounts.

Item 6. Performance-Based Fees and Side-by-Side Management:

As detailed in the last paragraph of Item 5, Institutional investors are charged a lower fee than retail investors. This is due to the fact that all Institutional clients have additional fees being charged to them by their investment advisor. We are being hired by other investment advisors as a Third Party Asset Manager (TAM) and do not have the full fiduciary responsibilities with Institutional clients that we have with direct retail clients.

Item 7. Types of Clients:

We provide financial advisory and investment advisory services to primarily affluent and high net-worth clients. We also manage assets for retirement plans (for example, 401(k) and profit sharing plan assets) as well as foundations, non-profits, and the like. Finally, as discussed previously, the firm serves as a third party asset manager (TAM) for other financial advisors and investment advisors. SimonDavis has over 500 clients.

Our platform, management styles and fee structures are designed to best accommodate moderate to large investment accounts. In general, the minimum amount required to open an account is \$50,000 (some strategies and all customized strategies require \$100,000) and we do not require a minimum dollar amount to keep an account open.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss:

We deliver a number of custom-tailored and proprietary investment strategies. While the investment objective of each strategy is to provide profits, all strategies contain risks and the potential for losses.

Our strategies range in risk from more conservative in nature to very aggressive in nature. The more conservative a strategy, the smaller the potential for both gains and losses become for the account. The more aggressive a strategy, the greater the potential for both gains and losses become for an account.

All of our discretionary strategies are actively managed. In general, the more conservative the strategy the less trading activity that is required to achieve the goal of the portfolio. The more aggressive the strategy, the more trading activity that is required to achieve the goal of the portfolio. Trading incurs costs which are borne by you and are a drag on investment performance. When analyzing your investment options it is important to weigh the tradeoff between trading costs and active portfolio management.

Our methods of analysis are numerous, sophisticated and dynamic in nature. We use both qualitative and quantitative measures, analyze the macroeconomic and microeconomic environments, and utilize

both fundamental and technical analysis. Many of our strategies rely on statistical models to comprise asset allocations and diversification strategies.

In general, our Portfolio Managers and Associates have expertise in different areas and we trade information frequently at formal monthly meetings, Investment Committee meetings and informally with each other almost daily. We conduct proprietary internal research on both individual securities and the economy and purchase research from numerous outside sources. We constantly monitor all of our investment strategies and are active in our management style.

We use a number of additional resources when working with clients, designing investment programs and preparing financial plans. Some of these sources include financially oriented text books, marketing materials from product sponsors and information provided by an approved third party. Our Associates may also make recommendations based on specific legal, investment and tax documents provided by you.

Custom-tailored investment strategies are unique in nature and are mandated with an Investment Policy Statement which is designed by you and your SimonDavis Associate. The following describes each of the firm's proprietary strategies in more detail. All strategies and accounts may utilize a mix of almost any traded security (ETFs - *including leveraged and inverse ETFs*, stocks, bonds, mutual funds, etc.) which together create a portfolio which the manager believes will best achieve its investment objective. Each strategy may also use investment managers (i.e. mutual funds and separately managed accounts) whose investment style and expertise may be appropriate for the specific needs of certain clients.

SimonDavis Institutional Services, a division of SimonDavis Asset Management, Inc., may market existing separately managed accounts to other RIAs. SimonDavis Asset Management, Inc. may also act as an investment advisor to its clients when appropriate. Clients should carefully examine the risks and fees of each of the available investment programs available through SimonDavis Asset Management, Inc. Services provided under some or all of these options may be available from other providers for a lesser fee. Under all of these options, clients are able to place reasonable restrictions and constraints on how their investments are managed.

SimonDavis Asset Management, Inc. uses four investment platforms listed below. Our Associates work with you to identify your goals, investment needs and risk tolerance using fact finding documents, financial planning software, personal interviews, and/or a risk tolerance questionnaire.

Discretionary Individual Brokerage Account:

Under this option, Advisor shall allocate and manage account assets on a fully discretionary basis. This account may be appropriate for part, or all, of the portion of a client's assets earmarked for a given level of risk. These accounts may only be opened in conjunction with a detailed written Investment Policy Statement constructed by the Client and Advisor. Most earnings from securities held in these accounts are invested back into the companies and not paid out to investors in the form of dividends. Individual stocks and exchange traded funds (ETF's) are the primary asset held in these accounts. Some strategies available under this option may use mutual funds when appropriate. Additionally, some strategies may utilize options and/or LEAPS in an effort to generate income, hedge portfolios and/or reduce risk. Typical options strategies include, but are not limited to, buying puts and writing covered calls. ETF's may be used that use leverage and/or "short" the market. Trading can be very active in these accounts which may result in increased costs to Client. Advisor shall be free to invest client assets

among a wide variety of asset classes and industry sectors in an effort to comply with risk tolerance and investment objectives of Client. Advisor is not responsible for losses that may occur in Client Account. Advisor shall make available to clients information about account holdings via client account access over the internet and/or at least quarterly account statements. Advisor shall invest and reinvest assets that comprise each Account in such stocks, bonds or other securities, including open-end, closed-end and exchange-traded funds, as Advisor deems appropriate. This option is subject to a minimum investment of one hundred thousand dollars (\$100,000). Fees under this option are charge on a declining tiered structure. Tiers range from 0.50% to 1.50% per annum depending on the amount of assets in the account.

New Frontier Series (SMA's):

All six New Frontier strategies are total portfolio solutions rooted in our "Beyond the Efficient Frontier" methodology. This proprietary research on asset allocation combined with our fundamental and quantitative analysis enables us to construct fully diversified portfolios that give investors a greater chance of achieving superior risk-adjusted returns when compared to other widely used techniques. All of these privately managed portfolios are built on a properly diversified foundation essential to long-term planning and are supplemented with investments that we believe give the portfolios a high statistical probability of outperforming their benchmarks. Each strategy offers a unique opportunity to match specific risk tolerances and tax situations. The six strategies are:

1. Aspen SMA (growth)
2. Aspen Tax-Managed SMA (growth)
3. Sequoia SMA (moderate growth)
4. Sequoia Tax-Managed SMA (moderate growth)
5. Cypress SMA (moderate conservative)
6. Oak SMA (conservative)

Under this option, Advisor shall allocate and manage account assets on a fully discretionary basis. Advisor shall allocate assets in each Account among a portfolio of mutual funds, exchange-traded funds or individual securities in accordance with the investment goals and restrictions, and risk profile of Client determined from Advisor's Investor Profiler or otherwise in writing (including electronically). Exchange Traded Funds and/or Mutual Funds will be the primary asset held in these accounts. Advisor shall continuously monitor and rebalance each Account in response to market and economic conditions, as well as changes in the investment needs of Client. Advisor does not receive any 12b-1 fee or other fee from mutual funds it recommends. Advisor shall make available to clients information about account holdings via client account access over the internet and/or at least quarterly account statements. Advisor shall invest and reinvest assets that comprise each Account in such stocks, bonds or other securities, including open-end, closed-end and exchange-traded funds, as Advisor deems appropriate. This option is subject to a minimum investment of fifty thousand dollars (\$50,000). Retail fees under this option are charge on a declining tiered structure. Tiers range from 0.35% to 1.25% per annum depending on the amount of assets in the account. Institutional fees under this option is 0.95% per annum.

Accelerated Growth (SMA):

Accelerated Growth SMA is our most aggressive investment strategy seeking long-term capital appreciation. The strategy utilizes a strategic mix of primarily individual stocks and exchange traded funds (ETFs).

Under this option, Advisor shall allocate and manage account assets on a fully discretionary basis. This account may be appropriate for part, or all, of the portion of a client's assets ear-marked for growth or aggressive growth. These growth strategies primarily invest in securities that are expected to increase in value primarily due to capital appreciation. Most earnings in these securities are invested back into the companies and not paid out to investors in the form of dividends. Individual stocks and exchange traded funds (ETF's) are the primary asset held in these accounts. Advisor shall be free to invest client assets among a wide variety of asset classes and industry sectors. Advisor shall make available to clients information about account holdings via client account access over the internet and/or at least quarterly account statements. Advisor shall invest and reinvest assets that comprise each Account in such stocks, bonds or other securities, including open-end, closed-end and exchange-traded funds, as Advisor deems appropriate. The minimum investment for this option is one-hundred thousand dollars (\$100,000). Retail fees under this option are charge on a declining tiered structure. Tiers range from 1.00% to 1.95% per annum depending on the amount of assets in the account. Institutional fees under this option is 1.25% per annum.

Monument (SMA):

The Monument SMA strategy utilizes technical indicators to move into and out of the market and uses Market Structure Indicators to reveal market direction, entry points and exit points. The primary objective of this model is capital appreciation, and investor should be able to tolerate equity market type fluctuations in the portfolio's value. The strategy utilizes a strategic mix of primarily individual stocks and exchange traded funds (ETFs).

Under this option, Advisor shall allocate and manage account assets on a fully discretionary basis. This account may be appropriate for part, or all, of the portion of a client's assets ear-marked for growth or aggressive growth. These growth strategies primarily invest in securities that are expected to increase in value primarily due to capital appreciation. Most earnings in these securities are invested back into the companies and not paid out to investors in the form of dividends. Individual stocks and exchange traded funds (ETF's) are the primary asset held in these accounts. Some strategies available under this option may use mutual funds when appropriate. Additionally, some strategies may utilize options and/or LEAPS in an effort to generate income, hedge portfolios and/or reduce risk. Typical options strategies include, but are not limited to, buying puts and writing covered calls. ETF's may be used that use leverage and/or "short" the market. Trading can be very active in these accounts which may result in increased costs to Client. Advisor shall be free to invest client assets among a wide variety of asset classes and industry sectors. Advisor shall make available to clients information about account holdings via client account access over the internet and/or at least quarterly account statements. Advisor shall invest and reinvest assets that comprise each Account in such stocks, bonds or other securities, including open-end, closed-end and exchange-traded funds, as Advisor deems appropriate. Retail fees under this option are charge on a declining tiered structure. Tiers range from 1.00% to 1.90% per annum depending on the amount of assets in the account. Institutional fees under this option is 1.25% per annum.

Non-discretionary Individual Brokerage Account:

Under this option, clients and Investment Advisory Representatives of SimonDavis Asset Management, Inc. may purchase, sell (redeem) or exchange any security available through the investment platform provided by SimonDavis Asset Management, Inc. or another investment platform of the clients choice. Advisor shall allocate assets in each Account among a portfolio of mutual funds, exchange-traded funds or individual securities in accordance with the investment goals and restrictions, and risk profile of Client determined from Advisor's Investor Profiler or otherwise in writing (including electronically). Advisor shall periodically monitor each Account, perform annual review with Client and recommend changes as needed in accordance with the current investment needs and current risk profile of Client. Advisor shall make available to clients information about account holdings via client account access over the internet and/or at least quarterly account statements. Under this option Client may direct the firm to use a broker-dealer (Broker) other than that recommended by Advisor. In these cases the client is responsible for seeking best execution and negotiating all terms with the Broker. These situations may result in operational inefficiencies and/or Client paying higher commissions and transaction costs than may otherwise be the case. Advisor does not receive any 12b-1 fee or other fee from mutual funds it recommends. Transactions in these accounts may be made by Client without the guidance of an Investment Advisory Representative of SimonDavis Asset Management, Inc. These transactions are considered "Client Directed". Client has an unrestricted right to decline to implement any recommendations made by Advisor on a non-discretionary basis. This option is subject to a minimum investment of five thousand dollars (\$5,000). Fees under this option are charged on a declining tiered structure. Tiers range from 0.35% to 1.25% per annum depending on the amount of assets in the account.

Item 9. Disciplinary Information:

SimonDavis Asset Management, Inc. nor its Associates have any disciplinary history.

Item 10. Other Financial Industry Activities and Affiliations:

Appropriately registered IARs of SimonDavis Asset Management, Inc. may spend some of their time selling insurance based products in addition to providing investment advisory services. David A. Simon, President of SimonDavis Asset Management, Inc. spends approximately 30% of his time managing SimonDavis, Inc. an insurance wholesale brokerage agency. Patrick D. Johnson, an Investment Advisory Representative spends approximately 50% of his time as a wholesaler for SimonDavis, Inc. SimonDavis, Inc. provides SimonDavis Asset Management, Inc. Associates, and other investment professionals, access to a wide array of life, annuity, long term care, and disability insurance products.

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

Without exception, all IARs of SimonDavis Asset Management, Inc. are required to be currently registered in all jurisdictions where they will provide investment advisory services. They are required to maintain these registrations in good standing and are not permitted to provide advice in jurisdictions in which they do not hold a current registration. Some officers and directors of SimonDavis Asset Management, Inc. may not be required to be IARs and do not provide investment advice to the public.

SimonDavis Asset Management, Inc. places the highest value on the ethical conduct of its employees. We will accept nothing less than total integrity, honesty, openness and trust from both our employees and our principals. Our number one priority is you, the client. We have a relentless passion to continuously take steps which will enable us to effectively assist you in achieving your financial and investment goals. Our advisors have an ongoing fiduciary responsibility to serve you, our client. Thus, we require total compliance with federal and state securities laws in addition to all SDAM policies and procedures. We strive to live up to not only the letter and spirit of the law, but also to the ideals of the organization which are to put your interests ahead of the interests of the firm's, its advisor's and its employee's.

All Investment Advisory Representatives, employees and other affiliates of SimonDavis Asset Management, Inc. (SDAM) must take every measure to prevent access to material nonpublic information regarding securities recommendations, and client securities holdings and transactions by individuals who do not need the information to perform their duties. SDAM maintains and enforces policies and procedures to prevent the misuse of material nonpublic information. These policies and procedures are thoroughly documented in the "Office Procedure for the Protection of the Security of Customers Privacy", "SimonDavis Asset Management, Inc. Privacy Policy", and "Investment Advisory Representative Procedures Manual." Advisors must not misuse material nonpublic information about the advisor's securities recommendations, client securities holdings and transactions. Advisors must safeguard sensitive information at all times.

All "access persons" must report on a quarterly basis their personal securities transactions and holdings to the advisor's Chief Compliance Officer. An access person is a supervised person who has access to nonpublic information regarding clients' purchase or sale of securities, is involved in making securities recommendations to clients or who has access to such recommendations that are nonpublic. A supervised person who has access to nonpublic information regarding the portfolio holdings of affiliated mutual funds is also an access person. Access persons will include portfolio management personnel and, client service representatives who communicate investment advice to clients. All directors, officers and partners of the firm will be considered access persons.

SimonDavis Asset Management, Inc. requires complete transparency with regards to personal securities activity. Advisors and Employees are not allowed to trade in any individual security without obtaining prior approval from the Chief Compliance Officer. In general, all personal securities trades must be in securities that are not owned by firm clients unless they are in a block trade with firm accounts which ensures that the advisor obtains identical pricing to that of firm clients. Our internal Policies and Procedures Manual contains detailed procedures regarding personal securities trading and is available upon request.

SimonDavis Asset Management, Inc. has a Code of Ethics that establishes standards of conduct expected of supervised persons and reflects our fiduciary duties. Our Code of Ethics requires that supervised persons comply with applicable federal securities laws, and that certain supervised persons ("access persons") must report their personal securities holdings and transactions, including transactions in mutual funds advised by SimonDavis Asset Management, Inc. or an affiliate. SimonDavis Asset Management, Inc. will provide a copy of our Code of Ethics to any client or prospective client on request. For a complete copy, please contact us at (303) 837-1119 or, e-mail us at: info@simondavisinc.com.

Item 12. Brokerage Practices:

SimonDavis Asset Management, Inc. has a relationship with Fidelity Brokerage Services, LLC, National Financial Services, LLC and Charles Schwab Investment Services whom provide custody, trading execution, clearing and recordkeeping services for SimonDavis Asset Management, Inc. client accounts. The firm's Best Execution Committee believes that these custodians are the industry leaders for custodial services. Both Fidelity and Schwab provide the firm with a myriad of tools including, but not limited to: trading desks; statements; custodial services; research; and, other valuable resources. These relationships and their resources may be considered *soft dollars* and may create conflicts of interest. These resources benefit all clients firm-wide and are not allocated only to those that use custodian resources. We do not believe we are "paying up" for any provided resources as both Fidelity and Schwab are among the low-cost providers in the industry. Neither Fidelity, nor Schwab pays SimonDavis a referral fee for client referrals.

Detailed information about the Fidelity and Schwab relationships is below:

Fidelity - SimonDavis Asset Management, Inc. has an arrangement with National Financial Services, LLC and Fidelity Brokerage Services, LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help us manage and further develop our advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

SimonDavis Asset Management, Inc. is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing SimonDavis with certain brokerage and research products and services ("soft dollar") that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

SimonDavis participates in the Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisors. We do not pay a fee to participate in the Wealth Advisor Solutions Program. SimonDavis

participation in the program may raise potential conflicts of interest as we may have an incentive to recommend that clients custody asset with Fidelity.

Schwab - SimonDavis Asset Management, Inc. has an arrangement with Charles Schwab Investment Services through which Schwab provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Schwab's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab also offers other services intended to help us manage and further develop our advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

SimonDavis Asset Management, Inc. is independently operated and owned and is not affiliated with Charles Schwab.

Schwab generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Schwab is providing SimonDavis with certain brokerage and research products and services ("soft dollar") that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

SimonDavis participates in a Schwab provided program which is a referral program designed to introduce high net worth investors to independent registered investment advisors. We do not pay a fee to participate in this program. SimonDavis participation in the program may raise potential conflicts of interest as we may have an incentive to recommend that clients custody asset with Schwab.

Other Relationships -SimonDavis Asset Management, Inc. and/or IARs of SimonDavis Asset Management, Inc. have numerous wholesale contracts with multiple insurance companies and agencies through SimonDavis, Inc. a wholesale insurance brokerage agency owned in full by David A. Simon, President of SimonDavis Asset Management, Inc. This relationship could be viewed as a conflict of interest. These contracts are not related to investment advisory services provided by the IAR's of SimonDavis Asset Management, Inc.

SimonDavis Asset Management, Inc. does engage in discretionary trading for most client accounts. Authorized SimonDavis Associates may choose specific securities and the amount purchased of a specific security so long as it is appropriate for the goals, objectives and risk tolerance of the client.

Clients should reference platform-specific “advisor agreements” for additional details. SimonDavis Asset Management, Inc. does recommend broker dealers for client security trades. All trades made by IARs of SimonDavis Asset Management, Inc. are placed through Fidelity Brokerage Services, LLC or National Financial Services, LLC, Members NYSE, SIPC or Charles Schwab Investment Services, unless requested otherwise, in writing, by clients.

SimonDavis Asset Management, Inc. does not determine commission rates paid for trading in client accounts and therefore may not necessarily obtain the best price. SimonDavis Asset Management, Inc. may, in the future, have the ability to negotiate down the commission rates paid for trading in client accounts.

In certain instances, related persons of SimonDavis Asset Management, Inc. may engage in discretionary trading in client accounts. For example, when clients purchase mutual fund shares, the fund advisor(s) may purchase securities on behalf of the fund on a discretionary basis subject to the provisions set forth in the fund's prospectus and the oversight of the fund's board of directors. These funds also select broker dealers to affect fund trades.

SimonDavis Asset Management, Inc. does aggregate client trades. These block trades are typically utilized to obtain best execution and fair and equal treatment for all clients. Allocations of block trades are typically made on a pro-rata basis when possible. In rare circumstances pro-rata allocation is not possible and some client accounts may be excluded from the allocation, or receive some other share that is not their pro-rata share.

Item 13. Review of Accounts:

There is constant oversight and monitoring of all discretionary client accounts by a SimonDavis Portfolio Manager. Additionally, Associates maintain oversight on their client's accounts and will periodically review your account with you.

Investment advisory clients of SimonDavis Asset Management, Inc. will be contacted at least annually to review the performance of their account(s). Account performance and client goals and objectives will be reviewed during this annual review. On at least a quarterly basis, clients will receive account statements detailing account activity, holdings and balances. Associates of SimonDavis Asset Management, Inc. will be available during normal business hours to counsel clients and answer questions regarding investment accounts.

For financial planning clients, Associates will provide periodic reviews and updates for clients as requested. Unless requested by the client, IARs will not send financial planning updates to clients. SimonDavis Asset Management, Inc. reserves the right to charge a predetermined hourly fee for these reviews.

Item 14. Client Referrals and Other Compensation:

IARs of SimonDavis Asset Management, Inc. may from time to time refer clients to individuals that have referred business to them in the past. One could conclude that the IAR is receiving an indirect economic benefit from this activity. IARs do not receive direct compensation for client referrals. SimonDavis Asset

Management, Inc. reserves the right to pay a fee to a solicitor who refers clients to us in accordance with applicable securities laws. From time to time SimonDavis Asset Management, Inc. does enter into solicitor relationships with individual ("Solicitors") who in turn offer our services to members of the public. Through these arrangements, we pay a cash referral fee to the Solicitor based upon a percentage of our advisory fee. The referral fee is paid pursuant to a written agreement and this information is disclosed to Clients prior to, or at the time, of entering into an investment advisory agreement.

IARs of SimonDavis Asset Management, Inc. may from time to time recommend and implement group variable annuities when suitable for a client. They are exclusively sold through qualified and licensed individuals of the firm. This recommendation is provided solely in the IARs capacity as a licensed insurance broker/agent. SimonDavis Asset Management, Inc. and/or its IARs do not utilize any investment advisory contract or agreement when selling these products. Our sole compensation for the sale is an insurance commission and/or trails on the products sub-accounts under the group variable annuity.

Item 15. Custody:

A separate account is maintained for you with the "Custodian". You will be provided with at least a quarterly statement from the custodian containing a description of all activity in your account. You will receive, through confirmation from the custodian, a notice of all transactions in your account.

Investment advisory clients of SimonDavis Asset Management, Inc. will receive no less than quarterly statements detailing account activity, holdings and balances.

You should carefully review the statements you receive from the qualified custodian against any personal knowledge you have of your account(s) and any information provided to you by our firm. This will assist you in determining whether, or not, account transactions, advisory fees and otherwise are accurate.

Item 16. Investment Discretion:

As noted in Item 12, SimonDavis Asset Management, Inc. does engage in discretionary trading for most client accounts. When authorized, certain IARs of SimonDavis Asset Management, Inc. may choose specific securities and the amount purchased of a specific security so long as it is appropriate for the goals, objectives and risk tolerance of the client. Clients are able to place reasonable restrictions and constraints on how their investments are managed; or, they may choose that we manage their account on a non-discretionary basis whereby the client may direct us, or work alongside us, in choosing appropriate investment positions to achieve their investment goals.

Item 17. Voting Client Securities:

SimonDavis Asset Management, Inc. does not vote, in general will not accept the authority to vote, nor advises how to vote, proxies for securities held in your account(s). Proxies are sent directly to you from

the company of via your custodian either by mail or electronically depending on how you set up your account.

For questions regarding proxies and for additional details regarding our proxy procedures please contact our office at (800) 466-8376; or, by email at: info@simondavisinc.com.

Item 18. Financial Information:

Not applicable.

Item 19. Requirements for State-Registered Advisers (to be deleted for SEC registered advisers)

Not applicable.