

Garrison, Bradford & Associates

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This brochure provides information about the qualifications and business practices of Garrison, Bradford & Associates ("GBA"). If you have any questions about the contents of the brochure, please contact us at (212) 557-7440 or by email at bradford@gbinvest.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 Garrison, Bradford & Associates is also available on the SEC's website at www.adviserinfo.sec.gov.

Garrison, Bradford & Associates is an investment adviser registered with the Securities and Exchange Commission. Such registration does not imply a certain level of skill or training.

Material Changes

There have been no material changes to our business over the past year.

Table of Contents

Cover Page	1
Material Changes	1
Table of Contents	2
Advisory Business	2
Fees and Compensation	3
Performance Fees	4
Types of Clients	4
Methods of Analysis, Investment Strategies and Risk of Loss	4
Disciplinary Information	5
Other Financial Industry Activities and Affiliations	5
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	5
Brokerage Practices	6
Research and Other Soft Dollar Benefits	7
Brokerage for Client Referrals	7
Directed Brokerage	7
Review of Accounts	8
Client Referrals and Other Compensation	8
Custody	8
Investment Discretion	8
Voting Client Securities	9
Financial Information	9

Advisory Business

Garrison, Bradford & Associates is an investment adviser registered with the SEC providing discretionary, separate-account investment management services to individuals, tax-exempt entities and investment partnerships. The firm was founded in 1974 as Garrison Asset Management by William G. Garrison, then a partner at Century Capital. The name changed to Garrison, Keogh & Company in 1976 when Thomas F. Keogh joined from White Weld & Company. William Bradford, the former President of NSR Asset Management, joined in 1984, and the firm's name changed to Garrison, Bradford & Associates in 1990 when Mr. Keogh retired. Mr. Garrison owns approximately 73% of GBA and Mr. Bradford owns the remainder.

Our advisory contracts grant us discretionary authority to buy and sell securities for our clients, but not to maintain physical custody of their assets nor to withdraw cash from their account except, with their approval, for the payment of our fee. As discussed in greater detail in the "Investment Strategy" section, we invest in a broad mix of publicly-traded stocks, open- and closed-end funds, fixed income securities and cash instruments with the goal of earning an "optimum" long-term return for our clients. Each client's portfolio is managed separately by one of the

firm's principals, and each portfolio is tailored to that client's individual goals and objectives. We consult regularly with clients and will take directions concerning legacy (generally low cost) positions. However, we believe that an investment manager's results can be judged fairly only if he has full investment discretion, i.e. the authority to make investment decisions.

At February 29, 2012, GBA managed \$138 million in discretionary client assets. Advisory fees on those assets were the firm's only source of revenue.

Fees and Compensation

Fees are charged as a percentage of assets under management. We believe this method aligns the interests of the client and investment manager because fees increase only as assets increase, not as a function of trading activity. Fees are billed quarterly after the service is performed. Clients may choose to pay the fee directly, or they may authorize the custodian to pay it from the assets of the account. Our advisory agreement permits termination by either party upon 30 days written notice; during that 30-day period we will honor a request not to engage in any further trading activity.

The annual fee rates are 0.75% (0.0075) on non-taxable accounts and 1.00% (0.01) on taxable accounts. Over the years various adjustments to these stated rates have been negotiated, although these are not offered to new clients. Examples include lower rates on non-equity assets such as bonds or cash, or a sliding-scale discount as a client's assets under management increase. The minimum fee is \$5,000 annually per account. In some cases, however, this fixed minimum is waived and the stated percentage fee is applied if the client has multiple accounts or may open new accounts or add assets.

In 2010 Mr. Bradford raised the annual fee on new accounts he manages to 1.25% (0.0125). For his existing accounts he instituted a sliding-scale fee structure beginning at 1.25% (0.0125) for the first \$1 million in assets and declining in increments to 0.50% (0.005) on assets over \$5 million. Accounts in the same family group may be combined in order to receive the maximum volume discount.

GBA generally invests directly in equities and fixed income instruments. However, cash balances invested by the custodian in money-market funds, and/or strategic investments in mutual funds, exchange-traded funds and REITs and other managed entities may result in the payment, in effect, of two management fees. Besides our management fee, clients incur securities brokerage and other transaction fees (discussed in more detail in the "Brokerage Practices" section). They may also incur custody and administrative fees levied by the independent custodian, who holds the assets and is responsible for tax and other reports.

Performance-Based Fees and Side-By-Side Management

None of GBA's fees are based on a share of the income, capital gains or capital appreciation of the assets under management.

Types of Clients

GBA's clients include individuals and their retirement assets; tax-exempt entities such as charitable institutions, endowments and employee benefit trusts; and investment partnerships.

Methods of Analysis, Investment Strategies and Risk of Loss

Our basic investment strategy is to optimize real returns by investing for long-term growth while minimizing risk. We believe that our superior record has been built by a combination of owning outstanding growth and income stocks and other securities when conditions are favorable, and limiting losses when the investment environment becomes more difficult.

We believe that the best returns come from the common stocks of companies that grow on a consistent basis. As a group, these stocks have outperformed other investable asset classes over the long term, and it is our strong conviction that they will continue to do so. Purchasing these stocks when they are undervalued or taking profits when they become overvalued can enhance the long-term return provided by the underlying growth. To reflect clients' individual needs, we diversify portfolios by the allocation of assets to cash, fixed income and equities; by the number and types of securities held; by exposure to different industries; and by various quality ratings levels. Most of our accounts are "balanced", but at certain points in the economic and securities market cycles we will invest a larger or smaller percentage of the portfolio in debt instruments or cash equivalents.

We view ourselves as fundamental investment analysts, whose primary job is to find and research companies and securities that fit our models for growth and risk control. We use many sources of information, including SEC filings, meetings with managements, competitors and customers, and computer screening. In following a company in depth, we focus on the "economic moat" that allows it to earn a high return on investment. We monitor and assess management's progress in protecting its franchise and implementing its business plan, particularly when confronted with challenges such as economic cycles, technological change and new competition. We believe that superior long-term returns come from finding uniquely successful growth companies, rather than trying to forecast economic conditions or securities market cycles. We use

proprietary valuation models to help find undervaluation and to time purchases and sales.

Assessing a client's tolerance for risk, which involves the chance of the loss of principal and/or the loss of an anticipated income stream, is an important part of an investment adviser's responsibility. Risk is an ever-present part of investing. It comes in two basic forms: market risk, which derives from cycles and unforeseen events that can affect the economy and securities markets broadly; and specific risk, which relates to fundamental problems with individual investments. GBA's approach to mitigating market risk is diversification, flexible asset allocation, and avoiding over-sized bets dependent on a forecasted outcome. Specific risk is addressed by intensive research, concentrating on high-quality debt issuers and companies with strong balance sheets and stable business models. Our portfolio managers know from experience that recognizing problems and cutting losses quickly are an important element of risk control. In addition, where appropriate we occasionally engage in options transactions such as covered call writing to further limit risk.

High brokerage and other transaction costs related to trading frequency have not been an historic risk for GBA's clients. Because of the focus on the long term and high quality holdings, turnover in portfolios has generally been very low.

Disciplinary Information

Mr. Garrison, Mr. Bradford and all then-current principals and employees of GBA have never been involved in a disciplinary or legal event related to investments, an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

Other Financial Industry Activities and Affiliations

Mr. Garrison and Mr. Bradford have no other financial industry activities and affiliations that might create a conflict of interest with clients.

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

GBA has a written Code of Ethics, re-subscribed to annually by all employees, which states that clients' interests are always primary, and that all clients will be treated fairly and equally. A copy of this document is available to clients or prospective clients upon request.

Potential conflicts of interest exist when investment advisers own the same securities as clients or participate in client transactions. For example, Messrs. Garrison and Bradford are trustees of the firm's Pension and Profit-Sharing plans, which often buy and sell the same securities as clients. Additionally, principals and employees of our firm are permitted to own the same securities as clients; when done in a way that avoids conflicts of interest, we believe clients appreciate knowing the adviser's money is invested right alongside theirs. In certain instances, principals and employees may participate in "bunched" (combining more than one account) orders with clients or, in very limited instances, may buy or sell securities from or to clients.

If an account in which an employee has a personal interest participates with clients in a bunched trade, that order is entered after other separate client orders in the same security have been completed. All participating accounts receive the same price and pay a pro rata share of expenses. Personal trades in a security are not permitted until all pending client trades in that security have been executed. GBA monitors and keeps records of all personal trades.

Occasionally we will arrange for cross transactions among client under circumstances which are equally beneficial to both parties. Such transactions are effected through an unaffiliated broker; the price is equal to the mean between the bid and ask as quoted and confirmed by independent sources. GBA principals and employees may participate in cross transactions with clients if the reasons are sound, the client is not disadvantaged, and the circumstances are documented in our trade records and client files.

Brokerage Practices

Each client selects the custodian who will have physical possession of his or her assets, which often determines an account's primary brokerage relationship. In these cases, we attempt on behalf of the client to negotiate commissions and fees as low as possible, and regularly monitor and discuss with the client the broker's trade execution capability, fee competitiveness, product offerings and service levels.

When clients have the ability to "trade away" from their custodian, GBA exercises its discretion in selecting brokers. Our intent is to obtain "best execution" and capture the maximum possible value of our investment decisions. Factors influencing the choice of a broker for a given trade include execution capability, commission rates, merchandise availability, client direction, research services provided, trade settlement efficiency and other services.

When possible, orders from several clients may be grouped together in order to receive lower commission costs and better execution. In a bunched order, each client receives the same average price and pays a pro rata share of the commission (except that smaller clients may pay a minimum ticket charge).

Research and Other Soft Dollar Benefits

We allocate discretionary brokerage balancing best execution in trading against the help brokers' proprietary investment research and other services give us in achieving clients' goals. Thus, we may select a broker in recognition of research services provided, and for the same reason we may pay a broker a higher commission than what another broker might have charged for the same trade. Research and other services furnished by brokers through whom we effect transactions are used in servicing all accounts, even though not all accounts participate in payment of the related commissions. While it is not possible to estimate what percentage of commissions might be considered "payment for research", approximately 95% of commissions paid in 2010 went to brokers who provide GBA with some research services.

We have two "soft-dollar" brokerage relationships, in which a broker provides a research service (one a statistical service, the other a securities pricing service) from an unrelated third party. We pay the broker a certain amount of commissions, and the broker in turn pays cash to the third party. In such an arrangement we first determine that the commissions will be reasonable in relation to the value of the brokerage and research services received, paying particular attention to best execution capabilities. In 2010, 3.5% of our total commissions were paid in soft-dollar relationships. While all clients benefited from the services, only 21% of clients participated in payment of the related commissions; 9.4% of those clients' total commissions were paid as soft dollars. Approximately 27.5% of the cost of the two services was paid with commissions, with the remainder a cash expense to GBA.

Brokerage for Client Referrals

GBA does not consider, in selecting or recommending brokers, whether we receive client referrals from that broker or a related party.

Directed Brokerage

GBA permits clients to direct brokerage. In most cases this direction is exercised through the client's selection of the independent custodian, who becomes the primary and sometimes the exclusive broker. Such a custodial relationship may be more expensive than alternatives, for reasons such as fixed commission rates or the inability to aggregate orders. GBA regularly consults with clients about brokers/custodians' best execution capabilities.

Review of Accounts

Messrs. Garrison and Bradford are the portfolio managers and make many investment decisions as a team. One is the primary portfolio manager on each account, but each is familiar with all accounts and is empowered to act in the other's absence. Accounts are priced daily, and performance is reviewed for inconsistencies. Because of the low ratio of accounts per manager, the daily review activity, the familiarity of the managers with all accounts, and the senior status and close working relationship of the managers, we believe no formal review procedure is necessary.

GBA uses the Advent Portfolio Accounting system to maintain account records, permitting accurate reports to be produced at any time. Normally, statements showing current market value and original cost of all investment positions are mailed monthly, and are supplemented at each client's direction with reports of transactions, income received, performance calculated using industry standards, realized gains and losses, commissions paid, and other customized formats. Clients also receive regular monthly reports from their independent custodian. E-mail, telephone calls and meetings are scheduled as appropriate.

Client Referrals and Other Compensation

GBA does not pay any form of compensation directly or indirectly to any unrelated third party for client referrals. Advisory fees on client assets under management are the firm's only source of revenue.

Custody

GBA does not maintain custody of any client assets. We believe that an independent custodian, who issues regular statements that can be compared with ours, helps to protect clients from abuses that can occur if trading discretion and possession of the assets are concentrated in one entity.

Investment Discretion

Our investment management contract is a limited power of attorney granting us "discretionary" authority to buy and sell securities in a client's account. This means that we may enter orders without prior approval from the client. We believe such an arrangement is important to clearly assign ultimate responsibility for investment results. Thus, while we consult regularly with clients to understand their investment goals and are pleased to discuss our strategies and

tactics in as much detail as may be desired, we reserve for ourselves the final decisions as to what, how much and when to buy or sell. We believe our clients' role in our ongoing relationship is to communicate their objectives and judge the results of our investment decisions.

In order to give clients a more complete picture of their financial situation, we may at times include non-discretionary or "legacy" securities positions in our reports. We may offer advice on such holdings, but they are excluded from our calculations of both fees and investment performance.

Voting Client Securities

GBA no longer votes proxies for its clients and instructs custodians to send all proxy materials directly to the client. We made this decision reluctantly several years ago when the SEC imposed new record keeping and due diligence requirements for proxy voting that we felt a firm our size would have difficulty meeting. We do vote proxies for the company's own retirement plans, however, and clients are welcome to inquire as to how and why we voted as we did.

Financial Information

Not applicable.