

Part 2A of Form ADV; Firm Brochure

Company Name: W.B. Smith & Company, Inc.

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W.B. Smith & Company, is an investment counsel firm registered under the Investment Advisers Act of 1940. Established in 1987, this company specializes in the management of fixed income assets for various types of investors and fiduciary institutions. At the date of this filing, non discretionary assets under management totaled \$553,043,107.

Whether managing highly active trading accounts or income oriented buy and hold portfolios, to achieve account objectives, fiduciaries must either possess or have access to the knowledge which allows them to make informed decisions about the fixed income market. The heavy volume and complexity of new bond issues, combined with interest rate volatility, necessitates placing emphasis on credit and market analysis to properly evaluate the relationship between risk and reward.

Specifically, the services of W.B. Smith & Company can be segregated in the following areas:

Counseling Provides the economic and market analysis needed to make asset allocation decisions; implements agreed upon investment strategies and reports results. A weekly bond review is produced to provide Clients with market information and analysis.

Research Credit and market research is utilized to evaluate the prospects for timely payments of interest and principal, and to ensure that a commensurate rate of return is earned for a given level of risk.

Trading An optimal investment strategy will not provide the desired results if poorly implemented. Since most fixed income products trade in over the counter markets and often times with great volatility, trading requires expertise to minimize spreads and maximize returns. Significant cost savings can frequently be realized in the purchase, sale, and swapping of bonds by experienced traders;

W.B. Smith & Company's investment services are accessed through either direct portfolio management, or a consulting agreement with fiduciary institutions.

Fixed income portfolio management is offered to individuals and institutional accounts. W.B. Smith & Company's investment policy is based on a fundamental approach to fixed income investment management. Although technical analysis is important and may be utilized for the timing of transactions, investment decisions are based on an analysis of the economy and relative value within the fixed income market. Extreme positions based on interest rate predictions are not usually taken, and

the credit quality of bond holdings is investment grade. Portfolio turnover is not excessive. Client's account objectives and risk parameters are combined with the firm's fundamental analysis to determine the proper asset allocation for each portfolio. Client portfolio's are entered in the Company's computer from which customized reports are produced quarterly. Portfolios are reviewed regularly and strategies enacted within the context of account objectives and previously agreed upon investment policies.

In addition to direct portfolio management, W.B. Smith & Company also offers its services to fiduciary institutions that require bond expertise, but do not choose to incur the high cost of equipping and staffing an internal bond operation. At a cost effective rate W.B. Smith & Company works with the fiduciary and provides both the experienced personnel and investment resources necessary to develop, evaluate and implement fixed income strategies. By subscribing to this service, the fiduciary acquires access to unbiased information necessary to make asset allocation decisions and answer Client questions. In addition to publishing a weekly bond market commentary, Company representatives respond to specific Client requests for information, and implement agreed upon investment programs.

Individual and institutional fixed income management is provided by W.B. Smith & Company, Inc. based on the following fee schedule:

Assets	Fee
First \$ 1 million	\$5.00 per \$1,000 (0.0050)
Next \$ 4 million	\$4.00 per \$1,000 (0.0040)
Next \$ 5 million	\$3.00 per \$1,000 (0.0030)
Next \$15 million	\$2.50 per \$1,000 (0.0025)
Next \$25 million	\$2.00 per \$1,000 (0.0020)
Amount exceeding \$50 million	\$1.50 per \$1000 (0.00150)
Our minimum annual fee is \$5,000	

The market value of assets under management will, except as otherwise agreed with the Client, be calculated on the basis of the market value of the portfolio on the last business day of the calendar quarter for which the fee is being paid. In the event of termination during a quarterly period, the fee would be prorated through the termination date and the portfolio valued as of the termination date, except that if termination occurred within five days after the Client entered in the advisory arrangement, no charge will be made.

Consulting services to fiduciary Clients is provided by W.B. Smith & Company, Inc. based on the following fee schedule:

Fee (the greater of)	Assets	or	Accounts
\$18,000	\$ 25,000,000		50
\$24,000	\$ 50,000,000		75
\$36,000	\$100,100,000		100

Where assets exceed \$100,000,000 or the number of accounts is greater than 100, fees will be negotiated.

In some instances, when the nature or scope of the investment work may differ from established norms W.B. Smith & Company and the Client may agree upon a fee schedule different from that set forth above based on time spent or a fixed fee.

Fees are billed either monthly or quarterly in arrears.

Custody arrangements are solely the responsibility of the Client and are not included in the services of W.B. Smith & Company.

W.B. Smith & Company or its representatives receive no remuneration from broker dealers for trades executed on behalf of Clients. W.B. Smith & Company does not accept performance based fees. W.B. Smith & Company provides fixed income portfolio management services to individuals, and institutional accounts that include endowments, pension plans, and corporations. Advisory services are also provided to fiduciary institutions that include trust departments and investment counsel organizations.

W.B. Smith & Company provides advice exclusively on fixed income obligations. The following outline serves as the basis for W.B. Smith & Company's investment process:

Bond Management Process

Counseling

Client objectives

- Income

- Liability matching

- Performance (total return)

Risk tolerance

- Credit quality (tolerance for credit impairment or event risk)

 - Minimum acceptable rating

- Price volatility (maturity preference)

 - Portfolio duration or maturity targets

 - Laddered maturity (even distribution or skewed to reflect market Conditions)

- Sector preference

 - Taxable or tax exempt account

 - Tax bracket or the taxable entity

 - Maximum percentage in any specific sector

 - Client considerations-over riding factors that negate pure Investment decisions.

- Position size

 - Minimum holding size (five percent positions)

 - Mutual funds or individual holdings

Research

Economy

- Economic outlook

- Interest rate outlook

Credit

- Sectors

- Specific companies

Market

- Supply & demand for credit

- Relative value

 - Yield spread relationships relative to the yield curve

 - Different structures between sectors

Trading

- Efficient execution

 - Block size

 - Trading information about the market and individual securities

 - Brokerage Relationships

 - Timely settlements

Reporting

- Client Communication

There has never in the past, or is there currently, any disciplinary sanction levied on either W.B. Smith & Company or William B. Smith, III. W.B. Smith & Company operates solely as a fee based independent investment advisory business. There are no affiliations of any nature with any broker/dealer or others where any remuneration, considerations, is accepted for cross business ties. W.B. Smith & Company's investment advice is objective and free from interlocking arrangements with other organizations that could influence decision making capabilities to the detriment of Clients financial well being. W.B. Smith & Company is not compensated by any other organization for any of its advice or actions. It is the policy of W.B. Smith & Company to comply with all laws and regulations relating to the use and communication of material non public information. The analyst's duty is generally defined as not to trade while in possession of, nor communicate, material non public information in breach of a duty or if the information is misappropriated.

Material non public information is defined as any information about a company, or the market for the company's securities, that has not been generally disclosed to the market place, the dissemination of which is likely to affect significantly the market price of the company's securities or is likely to be considered important by reasonable investors in determining whether to trade in such securities. If an analyst acquires such information as a result of a special or confidential relationship with the issuer or others, he shall not communicate the information (other than within the relationship), or take investment action on the basis of such information, if it violates the relationship. If the analyst is not in a special or confidential relationship with the issuer or others, he shall not communicate or act on material non public information if he know, or should have known, that such information was disclosed to him or would result in a breach of duty or was misappropriated. If such a breach of duty exists, the analyst shall make reasonable efforts to achieve public dissemination of such information. It is the firm's policy that a fiduciary duty has been breached if the insider personally benefits directly or indirectly from the disclosure. Types of personal benefits include: A pecuniary benefit or a reputational benefit that will translate into future earnings. A relationship between the insider and the recipient that suggest a quid pro quo from the latter. A gift of confidential information, for example, to a relative. A recipient of non public information is required to report such to William Smith. General dissemination of non public information may not be possible, in which case the analyst should not communicate the information except to William Smith and should not take and investment action on the basis of the information.

Maintaining the privacy and confidentiality of Client information is a major priority of W.B. Smith & Company. Client records are maintained within the office of W.B. Smith & Company and not shared with any outside entity except as required by law. We do not solicit, receive, or disseminate any non public Client information to consumer reporting agencies or marketing firms. We may from time to time, find it necessary to disclose non public personal information about our Clients to duly authorized representatives of Clients, including but not limited to brokers, custodians, accountants and lawyers. This will be done only with our Client's expressed oral or written instructions.

Should clients decided to terminate their investment counsel agreement with us; we will continue to adhere to the policies and practices described in this policy statement.

In accordance with the U.S. Securities and Exchange Commission regulations, we will mail updated Privacy Policy notices annually or whenever any of the information contained herein changes.

As policy, employees of W.B. Smith & Company avoid security transactions for their own account that may be in conflict with, or detrimental to the interest of Clients, or which are designed to profit by the market effect of W.B. Smith & Company's advice to its Clients. W.B. Smith & Company receives no soft dollar benefits from brokerage executed on behalf of its Clients. Brokerage is allocated solely on the basis of best execution in regards to achieving Client investment objectives. W.B. Smith & Company pays hard dollars for all research services it receives, and the receipt of research is not a factor considered in the selection of brokers. At times, Clients may direct W.B. Smith & Company to execute brokerage with the broker/dealer of their choice.

William Smith reviews accounts for W.B. Smith & Company. Such reviews are performed as frequently as Mr. Smith and the Client consider necessary in consideration of the securities held in a particular portfolio. While reviews may be as frequent as daily, on a quarterly basis formal statements are rendered listing securities comprising the portfolio, their quality ratings, and values.

Communication is an important ingredient to a successful working relationship. A written review of the fixed income market is provided on a weekly basis. In addition, telephone conversations and meetings are arranged on as needed to facilitate the investment management process

In addition to fees paid by Clients for investment services rendered. W.B. Smith & Company receives no economic benefit from any other entity for any other purpose whatsoever relating to brokerage, referrals, or other mutually beneficial relationship.

W.B. Smith & Company does not provide custody of Client funds. All custody arrangements and the payments thereof, are the responsibility of the Client. W.B. Smith & Company may issue instructions to the custodian for the purpose of purchase, sale, or exchange of securities as agree upon by the Client, but W.B. Smith & Company shall not have the authority to direct any custodian to withdraw funds or securities without a separate consent given to such custodian by the Client.

W.B. Smith & Company advises it Clients on the investment and reinvestment of designated securities and cash within the investment guidelines which are mutually agreed upon. W.B. Smith & Company executes transactions only after notifying its Clients of its intention and receipt of Clients approval. W.B. Smith & Company provides investment advice on fixed income obligations; therefore this item is not applicable. W.B. Smith & Company does not take fees in advance of services rendered therefore item 48 is not applicable.

William B. Smith, III is the founder, sole owner and provider of investment services of W.B. Smith & Company. He holds a BA degree from Northeastern University and MBA degree from the University of Massachusetts, and has over thirty eight years experience managing fixed income securities. The early

part of Mr. Smith's career was spent at David L. Babson & Company where he managed the municipal bond holdings of both individual and institutional Clients. He also successfully managed several municipal bond mutual funds differentiated by their average maturity. Prior to forming his own company, Mr. Smith was employed by Boston Security Counselors where he was responsible for managing the firms fixed income assets and a U.S. Government Securities mutual fund. Mr. Smith's understanding of both the fixed income market and Client investment needs provides the foundation for effective and rewarding working relations with both Clients and fiduciaries.