

Kornfield Investment Management

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4/22/2012

FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Kornfield Investment Management. If you have any questions about the contents of this brochure, please contact us at (717) 392-0002 or invest@kornco.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 Kornfield Investment Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Kornfield Investment Management is 20787.

Kornfield Investment Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Kornfield Investment Management (KIM) is a wholly owned subsidiary of Kevin Hart Kornfield & Co., Inc. which was established in 1986. KIM is 100% privately owned by Kevin Hart Kornfield.

KIM provides investment advisory services to clients, manages investment advisory accounts not involving investment supervisory services, furnishes investment advice through consultations not included in either service described previously. On occasion, KIM furnishes advice to clients on matters not involving securities.

KIM offers advice on the following types of investments: equities, warrants, corporate bonds, U.S. Government securities, commercial paper, CD's, municipal securities, mutual funds, options and limited partnerships.

In the area of equities, long-term capital appreciation is KIM's primary focus, with a secondary in dividend income. This is accomplished by purchasing quality companies at reasonable prices and, in most cases, holding the position(s) with a long term perspective. In assessing a "quality" equity, KIM means those companies that have strong market niches that would be evidenced by the control of market share, low cost production, recognizable branding or franchising coupled with significant barriers to entry into the market by other potential competitors - or, companies that can reasonably expect to achieve these characteristics over a short to medium time period of 24 to 36 months. KIM also targets companies with strong balance sheets, good cash flow and a track record of generating net income. Finally, KIM remains diversified not only in the number of companies in the portfolio, but in the industries in which KIM invests on behalf of its clients. Exceptions may be made to the above investment criteria with the approval of senior management.

Investment counseling includes an overall review of the entity's investment situation with resulting investment recommendations. The counseling will also include reviews and opinions on a specific investment that a client may be considering. Investment counseling is done on a negotiated fee basis.

Asset management will be based on the individual client's investment objective. Clients may impose restrictions on investing in certain securities or types of securities.

KIM does not participate in wrap fee programs.

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	\$32,402,208.00	170
Non-discretionary:	\$ 4,412,661.00	90
TOTAL:	\$36,814,869.00	260

The above figures are as of 12/31/2010.

Fees and Compensation

Form ADV Part 2A, Item 5

KIM will provide investment advisory services to the client on an annual fee basis. The terms of which are described below are for discretionary accounts.

<u>Account/ Client Assets</u>	<u>Discretionary Investment Services Account Fee For Equity/Stock Holdings</u>
\$0— \$250,000	1.25%
Plus \$250,001 — \$1,000,000	1.00%
Plus \$1,000,001 — \$5,000,000	0.75%
Plus \$5,000,001 — above	0.50%

The investment advisory fees for bond positions will be .25% regardless of account size. KIM generally holds bonds to maturity.

For non-discretionary investment accounts, the annual fee will be .50% of the market value of the account for accounts under \$500,000 and .375% for accounts over \$500,000.

To ensure the equal treatment of all clients, KIM's fees are generally not negotiable, although under certain limited circumstances a lower fee structure may be negotiated, (i.e., accounts larger than \$5,000,000).

Fees are deducted from client's accounts. Upon a client's request, KIM will bill the client for fees incurred. Fees will be paid in advance of each calendar quarter. Such fees will be calculated by multiplying $\frac{1}{4}$ of the annual rate by the market value of the account at the end of each quarter.

When Kevin Hart Kornfield & Co., Inc. acts as broker/dealer for the account, the following fee schedule applies:

	<u>Mutual Funds</u>	<u>Equities</u>	<u>Bonds</u>
Purchases	\$50	\$25 + \$.015 per share	\$50 or \$2.50 per \$1,000, whichever is higher
Liquidation	\$50	\$25 + \$.015 per share	\$50 or \$2.50 per \$1,000, whichever is higher

Certain mutual funds (and/or their related persons) and certain unit investment trusts in which client may invest make payments to broker/dealers. Kevin Hart Kornfield & Co., Inc. may receive 12b-1 fees or other compensation to the extent permitted by applicable law. A fund that imposes a front-end sales load but that waives that front-end sales load for purchases made on behalf of the account (a "front-end load" fund at net asset value) may bear 12b-1 distribution or services fees in excess of .25% of the account's net assets invested in such fund (the maximum allowed for no-load funds). In addition, unit investment trusts may bear deferred sales charges in excess of .25% of the account's net assets invested in such trust. The 12b-1 fee, deferred sales charge and other fee arrangements will be disclosed and are typically described in the applicable fund's or trust's prospectus. Client acknowledges that Kevin Hart Kornfield & Co., Inc. or one of its affiliates may receive commissions or other compensation, including sales charges or 12b-1 distribution or services fees, in connection with the purchase by, or on behalf of, client.

As mentioned above, investment advisory fees are paid in advance of each calendar quarter. The investment advisory agreement may be terminated at any time upon written notification by the client or KIM. If terminated, all investment advisory fees paid in advance will be prorated to the date of termination and any unearned portion of the fee will be returned to the client. Termination of this agreement shall not affect the consummation of any transaction(s) which were initiated prior to termination unless it is feasible to do so such as in a GTC limit order that has not yet been executed.

Although KIM accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, the investment recommendations are based on the client's needs and not on the compensation received for the sale of the products.

KIM's clients have the option to purchase investment products that KIM recommends through other brokers or agents that are not affiliated with KIM.

KIM receives less than 50% of its revenue from advisory clients' commissions and other compensation from the sale of investment products KIM recommends to its clients.

KIM receives advisory fees and KIM seeks to provide discounted brokerage commissions for our client's trades.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

KIM does not accept performance-based fees.

Types of Clients

Form ADV Part 2A, Item 7

KIM generally provides investment advice to individuals, banks or trust companies, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities, other than those listed previously.

There are no minimum account size requirements for opening or maintaining an account.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

KIM uses fundamental and technical methods of analysis in formulating investment advice. KIM believes that risk tolerance is a critical element in creating model portfolios. Our specific investment management services are based on each individual client's ability to handle risk, individual financial goals and overall time horizon. Risk allocation strategies are provided across three categories: capital appreciation, balanced and income. The greatest risk of an investment program is that you could lose money. Past performance does not insure future results, and there is no assurance that KIM will achieve client objectives.

Disciplinary Information

Form ADV Part 2A, Item 9

Neither KIM nor any affiliates have had any legal or disciplinary action against them.

KIM is not the subject of any pending criminal proceedings that involve an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

KIM has never been found to be involved in a violation of an investment-related statute or regulation; or was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, KIM or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

KIM has never had an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which KIM or a management person was found to have caused an investment-related business to lose its authorization to do business.

KIM was never found to be involved in a violation of an investment-related statute or regulation and was never the subject of an order by the agency or authority. KIM has never been subjected to any of the following:

- (a) denying, suspending, or revoking the authorization of KIM or a management person to act in an investment-related business;

- (b) barring or suspending KIM's or a management person's association with an investment-related business;

- (c) otherwise significantly limiting your KIM's or a management person's investment-related activities; or

- (d) imposing a civil money penalty of more than \$2,500 on KIM or a management person.

KIM was never involved in a self-regulatory organization (SRO) proceeding in which KIM or a management person:

- 1. was found to have caused an investment-related business to lose its authorization to do business; or

- 2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership;

- (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

The parent company of KIM is Kevin Hart Kornfield & Co., Inc. which is an SEC registered broker-dealer and may receive commissions or other compensation, including sales charges or 12b-1 distribution or service fees, in connection with the purchase by, or on behalf of, client. Kevin Hart Kornfield and Vicki A. Krempels are registered with both Kornfield Investment Management and Kevin Hart Kornfield & Co., Inc.

Neither KIM nor any of its management persons are registered, or have an application pending to register, as futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Orders for the execution of transactions for the account will be placed by KIM with broker-dealers that are selected by KIM. Accordingly, KIM's selection of a broker or dealer for transactions for the account may take into account, among others, such relevant factors as price; the broker's or dealer's facilities, reliability and financial responsibility; when relevant, the ability of the broker to effect securities transactions, particularly with regard to such aspects as order size and execution of the order; the broker's or dealer's recordkeeping capabilities; and the research or other services provided by such broker or dealer to KIM that are expected to enhance KIM's general portfolio management capabilities (i.e. efficient trading capabilities including efforts to obtain best execution).

In addition, the applicant is authorized to pay commissions to the brokers that are higher than might be charged by another qualified broker to obtain brokerage and/or research services. KIM has the limited discretionary authority to select certain broker/dealers including Kevin Hart Kornfield & Company, Inc. who may charge commissions in excess of the lowest available commissions in recognition of the value of research products or services provided by the broker-dealer. The products or services arranged or provided by the broker-dealer in return for directing brokerage commissions to the broker-dealer may be used in making investment decisions for the clients' accounts but may or may not be used in connection with accounts that have paid commissions to the broker providing the service. Commission rates, being a component of price, are one factor considered together with other factors. KIM will not be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the client's account or to select any broker-dealer on the basis of its purported posted commission rate.

KIM does not recommend or select other investment advisors for our clients.

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

Form ADV Part 2A, Item 11

The foundation of the code of ethics consists of basic standards of conduct including, but not limited to, the avoidance of conflicts of personal interests and interest of KIM or its clients. To this end, directors, officers and employees of KIM should understand and adhere to the following ethical standards:

1. Place the interests of KIM's clients first
2. Insure that all personal securities transactions be conducted in a manner to avoid any actual or potential conflict of interest
3. All employees should understand the requirements of the code of ethics
- 4.

A copy of KIM's code of ethics is available to any client or prospective client upon request.

Neither KIM nor any related person buys or sells any securities in which KIM or any related person has a material financial interest.

Kevin Hart Kornfield & Co., Inc., KIM and its employees, from time to time, invest in securities that the company recommends. In order to avoid any conflicts of interests, the client is notified that such situations may occur from time to time.

On any given day, no employee will trade ahead or get a more favorable price than a client of KIM.

Brokerage Practices

Form ADV Part 2A, Item 12

KIM does not currently have any soft dollar arrangements. KIM would ensure that any soft dollar arrangements are fully disclosed to the client prior to engaging in these types of securities transactions. In addition, the designated supervisor would periodically review transactions and soft dollar compensation arrangements to ensure fairness and reasonableness to clients.

KIM or its related persons do not receive client referrals from any broker-dealer.

KIM does not pay or compensate others for referrals.

Not all advisers require their clients to direct brokerage. In the event that a client requests to direct brokerage, the client understands that KIM may not be able to achieve the most favorable execution of client transactions. Direct brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because KIM may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Orders for the execution of transactions for the account will be placed by KIM with broker/dealers that are selected by KIM. Accordingly, KIM's selection of a broker or dealer for transactions for the account may take into account, among others, such relevant factors as price; the broker's or dealer's facilities, reliability and financial responsibility; when relevant, the ability of the broker to effect securities transactions, particularly with regard to such aspects as order size and execution of the order; the broker's or dealer's recordkeeping capabilities; and the research or other services provided by such broker or dealer to KIM that are expected to enhance KIM's general portfolio management capabilities (i.e. efficient trading capabilities including efforts to obtain best execution).

In addition, KIM is authorized to pay commissions to the brokers that are higher than might be charged by another qualified broker to obtain brokerage and/or research services. KIM has the limited discretionary authority to select certain broker/dealers including Kevin Hart Kornfield & Company, Inc. who may charge commissions in excess of the lowest available commissions in recognition of the value of research products or services provided by the broker-dealer. The products or services arranged or provided by the broker-dealer in return for directing brokerage commissions to the broker-dealer may be used in making investment decisions for the clients' accounts but may or may not be used in connection with accounts that have paid commissions to the broker providing the service. Commission rates, being a component of price, are one factor considered together with other factors. KIM will not be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the client's account or to select any broker-dealer on the basis of its purported posted commission rate.

The factor considered in selecting brokers and determining the reasonableness of their commission is primarily efforts at best execution at reasonable expense. Consistent with this standard, KIM may place trades with Kevin Hart Kornfield & Co., Inc. (a broker-dealer). KIM is a wholly owned division of Kevin Hart Kornfield & Co., Inc.

KIM feels that the clients benefit from having block trades of buy or sell orders. Each client receives their pro-rata share of such block trades. No client order will be given preference over another client order.

Review of Accounts

Form ADV Part 2A, Item 13

. Kevin H. Kornfield is President and C.E.O. of Kornfield Investment Management ("KIM") and has overall responsibility for the review of client accounts as well as the asset management. An effort is made to meet with each client on an annual basis. All of the client accounts are reviewed to ensure that they are in line with the customer's investment objective. An immediate review may be necessary should there be a dramatic change in market conditions or the client's financial situation (i.e. big bonus, loss of job, etc.)

Each client may request a review at any time. As a general practice, an annual review is conducted. Additionally, brokerage account, mutual fund and other applicable statements are mailed to client no less than on a quarterly basis.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

KIM nor any related persons do not have any arrangements, oral or in writing, whereby KIM is paid cash by or receives some economic benefit (including commissions, equipment, or non-research benefits) from a non-client in connection with giving advice to clients..

KIM does not directly or indirectly compensate any person for client referrals.

Custody

Form ADV Part 2A, Item 15

KIM will at no time have custody or physical control of the cash and assets in the client's account, nor will KIM be liable for any act or omission of the custodian. The custodian will provide KIM with such periodic reports concerning the status of the account as KIM may reasonably request. The custodian will send to client, at least quarterly, a statement including all amounts dispersed from the account (including the amount of any fee paid pursuant to client's authorization to KIM), all transactions occurring in the account during the period covered by the statement, and the funds, securities, and other property in the account at the end of the period. Custodian will send copies of such statements to KIM with an indication that the statements have been sent to client. Clients should compare the account statements they receive from the custodian with those they receive from KIM.

Investment Discretion

Form ADV Part 2A, Item 16

Certain accounts of the applicant will be managed on a discretionary basis. All discretionary agreements will be signed. Advisor offers its services on a discretionary and non-discretionary basis. Although every effort is made to contact non-discretionary accounts promptly when an investment recommendation is made, the very nature of such accounts may lead to investment action being taken for discretionary accounts prior to taking the same action for non-discretionary accounts.

Voting Client Securities

Form ADV Part 2A, Item 17

Kornfield Investment Management (KIM) is not responsible for the voting of proxies on behalf of clients.

KIM does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian.

Financial Information

Form ADV Part 2A, Item 18

KIM does not require or solicit prepayment of more than \$1,200 in fees per client, nor does KIM require fees to be paid six months or more in advance.

Although KIM has discretionary authority of client funds, there are no financial conditions that would impair KIM's ability to meet contractual commitments to clients.

KIM has never been the subject of a bankruptcy petition at any time.

Kevin Hart Kornfield

Kornfield Investment Management

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(717) 392-0002

4/22/2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Kevin Hart Kornfield that supplements the Kornfield Investment Management (KIM) brochure. You should have received a copy of that brochure. Please contact Kevin Kornfield, President if you did not receive Kornfield Investment Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Kevin Hart Kornfield is available on the SEC's website at www.adviserinfo.sec.gov.

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Educational Background and Business Experience

Form ADV Part 2B, Item 2

Kevin Hart Kornfield
D.O.B. 6/22/53

Bachelor of Business Administration (BBA) 1971
Emory University

Master of Business Administration (MBA) 1977
Pennsylvania State University

12/75 - 3/78 Municipal Bond Salesman
Harris Bank, NY, NY

3/78 - 3/79 Municipal Bond Salesman
Hamilton Bank, Lancaster, PA

12/79 - 11/84 Financial Consultant
Shearson Lehman Brothers, Inc.

11/84 - 10/87 Registered Rep & Vice President
Rutherford & Co., Inc.

9/86 - present SEC Registered Broker-Dealer, Registered Principal, Owner, Registered Representative
Kevin Hart Kornfield & Co., Inc.

3/06 – present Kornfield Investment Management, SEC Registered Investment Advisor

4/22/2012

Disciplinary Information

Form ADV Part 2B, Item 3

There are no legal or disciplinary events nor have there ever been any legal or disciplinary events material to a client's or prospective client's evaluation of Kevin Hart Kornfield. For additional information, the BrokerCheck link is www.finra.org/brokercheck.

There are no criminal or civil actions nor have there ever been any criminal or civil actions in a domestic, foreign or military court of competent jurisdiction.

Kevin Hart Kornfield has not, nor has he ever had, any administrative proceedings before the SEC, any other federal regulatory agency, any state regulator agency, or any foreign financial regulatory authority..

There are not, nor have there ever been, any self-regulatory organization (SRO) proceedings in which Kevin Hart Kornfield was found to have caused an investment-related business to lose its authorization to do business or been involved in a violation of the SRO's rules.

There are not, nor have there ever been, any proceedings in which a professional attainment, designation or license of Kevin Hart Kornfield was revoked or suspended because of a violation of rules relating to professional conduct.

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Other Business Activities

Form ADV Part 2B, Item 4

Kevin Hart Kornfield is actively engaged in a business other than giving investment advice. Kevin Hart Kornfield sells investment products or services other than investment advice through the broker dealer, Kevin Hart Kornfield & Co., Inc. Kevin Hart Kornfield is registered with Kevin Hart Kornfield & Co., Inc., a securities broker dealer. Although Kevin Hart Kornfield & Co., Inc. receives commissions through the sale of investment products, he puts the needs of the client first. KIM's selection of a broker or dealer for transactions for the account may take into account, among others, such relevant factors as price; the broker's or dealer's facilities, reliability and financial responsibility; when relevant, the ability of the broker to effect securities transactions, particularly with regard to such aspects as order size and execution of the order; the broker's or dealer's recordkeeping capabilities; and the research or other services provided by such broker or dealer to KIM that are expected to enhance KIM's general portfolio management capabilities (i.e. efficient trading capabilities including efforts to obtain best execution).

Additional Compensation

Form ADV Part 2B, Item 5

Kevin Hart Kornfield does not receive any economic benefits for advisory services from anyone who is not a client.

Supervision

Form ADV Part 2B, Item 6

Kevin Hart Kornfield, the President, CEO and Chief Compliance Officer of Kornfield Investment Management is responsible for the entire supervisory system. The company is so limited in size and resources that it does not have qualified people senior to, or otherwise independent of its producing manager to conduct supervisory reviews because:

- (i) There is no one that is senior to the President;
- (ii) The reviewer reports directly or indirectly to the principal that is being reviewed;
- (iii) The reviewer shares the same office as the President that is being reviewed and there are no other principals that are senior to or otherwise independent of the President that is being reviewed;
- (iv) The Company has an insufficient number of qualified personnel who can conduct reviews on a two-year rotation. Therefore, it must use the same principal each year to conduct the reviews of the principal that is being reviewed;
- (v) The reviewer has supervisory responsibility over the activity being reviewed or is directly compensated in whole or in part from the revenues accruing from those activities.

The firm maintains procedures that are reasonably designed to review and supervise the customer account activity conducted by the member's senior managers, or any person performing a similar supervisory function. The firm identifies Kevin Hart Kornfield as the firm's only "producing manager" and his customers' activity will be reviewed by support staff. Mr. Kornfield's account activity will also be reviewed quarterly and submitted to Kornfield Investment Management's senior management no less than annually, a report detailing the company's system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to the test results.