

**Item 1 - Cover Page**

Olstein Capital Management, L.P.

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March 31, 2012

This Brochure provides information about the qualifications and business practices of Olstein Capital Management, L.P. (“OCM,” “us,” “we” or “our”). If you have any questions about the contents of this Brochure, please contact us at (914) 269-6100 or [www.olsteincapital.com](http://www.olsteincapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about OCM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We are an investment adviser registered with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you can use to evaluate us and other advisers in making your decision whether to hire or retain us.

## **Item 2 - Material Changes**

This Brochure is dated March 31, 2012. Our last annual update of this Brochure occurred on March 31, 2011. We have made no material changes to the Brochure in this annual update.

We may, at any time, update this Brochure and send you either the entire Brochure or only a summary of the material changes and offer to send you the entire Brochure. We may send you these documents in electronic (via e-mail) or paper (via mail) format.

If you would like another copy of this Brochure, please download it from the SEC Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may call us at 914-269-6100 or e-mail us at [info@olsteincapital.com](mailto:info@olsteincapital.com).

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## **Item 4 - Advisory Business**

### **A. Firm Description and Principal Owners**

Olstein Capital Management, L.P. (“OCM,” “us,” “we” or “our”) provides investment management services to registered investment companies, and we also may provide these services to individual and institutional clients (“clients” or “you”). In addition, we are a registered securities broker-dealer, and act as the principal underwriter and distributor of our affiliated investment company, The Olstein Funds (the “Trust”). We have been an independent SEC-registered investment adviser since our founding in June 1995. Prior to November 1, 2006, we were named Olstein & Associates, L.P.

We are organized as a New York limited partnership and are controlled and operated by our general partner, Olstein Advisers, LLC, a Delaware limited liability company, which is owned by Olstein, Inc., Erik K. Olstein, Michael Luper and Eric R. Heyman. Olstein, Inc., the managing member of Olstein Advisers, LLC, is wholly owned by Robert A. Olstein and his heirs. Olstein, Inc., Erik K. Olstein and Michael Luper are limited partners of OCM.

### **B. Types of Advisory Services**

We provide portfolio management services for investment companies, individuals, businesses, and institutional clients. We primarily manage domestic equity securities for our clients.

We follow an accounting-driven, value-oriented investing approach that emphasizes a thorough forensic analysis of a company’s financial statements and other public filings. Our approach emphasizes investments in companies with discernible financial strength, a high quality of earnings and an ability to produce excess free cash flow (after capital expenditures and working capital needs) that we believe are selling at a significant discount to their private market value. We believe that free cash flow and its intelligent uses build meaningful shareholder value over time. As a result, our bottom-up, fundamental analysis seeks to identify companies with unique business fundamentals and a competitive edge, both of which usually provide a greater predictability of future free cash flow.

Our investment team employs analytical and valuation methods pioneered by Robert Olstein as co-founder and publisher of the *Quality of Earnings Report*. For us, reliable company valuations require a thorough understanding of a company’s accounting practices and an assessment of a company’s quality of earnings. Our investment team undertakes an intensive, forensic analysis of a company’s financial statements,

accompanying footnotes, shareholder reports and other required disclosures to assess the quality of earnings and identify positive or negative factors affecting future free cash flow. We believe that to achieve long-term investment success through such a value investing approach, an investor must first consider the financial risk inherent in each investment (determined by the quality of a company's balance sheet and the quality of its earnings) before considering the potential for its capital appreciation.

### The Olstein Funds

We are the investment manager for the Trust, a federally registered open-end management investment company. The Trust offers two series - the Olstein All Cap Value Fund and the Olstein Strategic Opportunities Fund (the "Olstein Funds" or "Funds"). The Funds primarily invest their assets in a portfolio of common stocks. As the investment manager for the Olstein Funds, our services include selecting investments, providing instructions to brokers or dealers who execute trades for the Olstein Funds, and providing reports to the Board of Trustees of the Trust (the "Olstein Funds' Board"). Please read the Olstein Funds' prospectus and statement of additional information for more information about the Funds.

### Separate Accounts

We currently offer investment advisory services to individual and institutional clients by investing their accounts pursuant to an investment management agreement and in accordance with our Multi-Cap Value Equity and Small- and Mid-Cap ("SMID") Value Equity strategies.

#### *Multi-Cap Value Equity Strategy*

A client account that elects to use the Olstein Multi-Cap Value Equity Strategy typically will primarily invest in equity securities of companies that we perceive to be undervalued and to have discernible financial strength, unique business fundamentals, a competitive edge and an ability to generate free cash flow. We construct portfolios for client accounts on a stock-by-stock basis and usually include 55 to 75 companies that trade at significant discounts to private market value and offer what we believe to be the best opportunity for the highest long-term risk-adjusted rates of return.

#### *SMID Value Equity Strategy*

A client account that elects to use the Olstein SMID Value Equity Strategy typically will invest primarily in equity securities of small- and mid-capitalization companies that we perceive to have financial strength, unique business fundamentals, a competitive edge and

an ability to generate free cash flow. However, the companies may face unique strategic challenges or problems that conceal the company's favorable fundamental value characteristics. We construct portfolios for client accounts on a stock-by-stock basis and usually include 35 to 50 companies that trade at significant discounts to private market value and offer what we believe to be the best opportunity for the highest long-term risk-adjusted rates of return.

### **C. Tailored Relationships**

For our investment company clients, our investment management is governed by the investment objectives, strategies and restrictions that are approved by the investment company's board of trustees and disclosed in its offering documents.

For individual and institutional clients, we consider a client's financial situation and investment objectives, policies and restrictions when constructing a securities portfolio and managing an account. Clients also may impose reasonable restrictions on the management of the account, such as by limiting the types of investments made by us for the account (*e.g.*, no tobacco stocks). We will assess any restrictions and discuss with the client the potential impact of restrictions that we deem material. We may reject client investment restriction proposals if they are materially inconsistent with our investment strategy or for any other reason.

### **D. Wrap Fee Programs**

We currently do not participate in wrap fee programs.

### **E. Client Assets**

As of December 31, 2011, we managed approximately \$539,836,340 on a discretionary basis. We did not manage any assets on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

### **A. Description of Fee Schedules**

Our fees generally are calculated on a percentage of assets under management, based on an annual rate and billed either monthly or quarterly. Fees are based upon the month-end or quarter-end market value of assets (including cash equivalents) as provided by the client's custodian, subject to adjustments for interim contributions to or withdrawals from an account. Our fees normally are pro-rated based on the length of time in the billing period during which services are provided to your account. Our fee schedules are set forth below.

### The Olstein Funds

We earn a monthly management fee that is calculated on a Fund's average daily net assets at the following annual rates:

#### *Olstein All Cap Value Fund*

<u>Fund Assets</u>	<u>Management Fee</u>
On the first \$1 billion	1.00%
Over \$1 billion up to \$1.5 billion	0.95%
Over \$1.5 billion up to \$2 billion	0.90%
Over \$2 billion up to \$2.5 billion	0.85%
Over \$2.5 billion up to \$3 billion	0.80%
Over \$3 billion	0.75%

#### *Olstein Strategic Opportunities Fund*

<u>Fund Assets</u>	<u>Management Fee</u>
All assets	1.00%

### Separate Accounts

We earn a monthly or quarterly management fee that is calculated on an account's assets at the following annual rates:

<u>Account Assets</u>	<u>Management Fee</u>
On the first \$10 million	1.00%
On the next \$15 million	0.75%
On the next \$75 million	0.60%
In excess of \$100 million	0.50%

While we usually charge fees to our clients in accordance with the fee schedule in effect at the time of the charge, fees are subject to negotiation and modification based on the circumstances of the client and other factors including, but not limited to, the type and size of the account and the type and amount of client-related services that we will provide.

### **B. Fee Billing**

The specific manner in which we charge our fees is established in our written agreement with you. Fees generally are calculated and invoices submitted to clients or client custodians on a monthly or quarterly basis. You may elect to be billed in advance or arrears. You also may elect to be billed directly for fees or to authorize us to directly debit fees from your account held at the custodian. The appropriate fee is applied to the market value of your account, including cash equivalents, on the last day of the preceding billing period for advance billing and on the last day of the current billing period for billing in arrears.

Our investment management agreement can be terminated by either of us, usually upon 30 or 60 days written notice. Upon termination, fees normally are pro-rated based on the length of time in the billing period during which services are provided, and any unearned fees paid in advance will be refunded to you, and conversely you will be responsible for paying us any earned, unpaid fees promptly. The termination of an agreement does not affect or preclude the completion of any transaction initiated prior to the termination of the agreement, or your financial responsibility for the transaction. Upon termination of the agreement, we are under no obligation to recommend any action with regard to the assets held in your account.

### **C. Additional Fees and Expenses**

The advisory fees you pay to us do not include all the fees you will pay when we purchase or sell securities for your account. The following list includes some of the fees or expenses that you may pay directly to third parties:

- Brokerage commissions (please see Item 12 for more information on brokerage fees and related information);
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory and service fees charged by mutual funds (including exchange traded funds), which are disclosed in a fund's prospectus;
- Sales charges (including deferred sales charges);
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial fees;
- Odd-lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions; and
- Other, miscellaneous fees that may be incurred.

These fees are charged by and paid to your broker, custodian or other third parties.



**D. Fee Paid in Advance and Refunds if Investment Management Agreement is Terminated Before the End of the Billing Period**

You may request to be billed in advance. A refund of pre-paid investment management fees will be made where you have been billed in advance, have made a full period payment to us, and have properly terminated our investment management agreement in writing before the end of the billing period. Upon termination, fees normally are pro-rated based on the length of time in the billing period during which services are provided, and any unearned fees paid in advance will be refunded to you. The termination of an agreement does not affect or preclude the completion of any transaction initiated prior to the termination of the agreement, or your financial responsibility for the transaction. Upon termination of the agreement, we are under no obligation to recommend any action with regard to the assets held in your account.

**E. Compensation to Supervised Persons**

1. Compensation and Conflicts of Interest. With regard to the Olstein Funds, we receive sales commissions and/or Rule 12b-1 distribution and shareholder servicing fees on Fund shares that we sell that are in addition to the management fees that we receive. To the extent we purchase a mutual fund (other than the Olstein Funds) for a separate account, we generally will seek to invest in a share class without a sales charge or Rule 12b-1 distribution and/or shareholder servicing fee. In rare circumstances, we may invest a client in a mutual fund with a sales charge and/or Rule 12b-1 distribution and/or shareholder servicing fees, but only if we believe that the fund's investment merits outweigh the added cost to our client. If we invest your separate account in a mutual fund, we would receive advisory fees for managing your account plus any sales commission and Rule 12b-1 distribution and/or servicing fees in connection with the investment in the mutual fund. In addition, your account would also pay the management fees and expenses of the mutual fund. The receipt of these fees, of course, gives us the incentive to recommend or purchase for your account investment products based on the total compensation we receive, rather than on your needs. However, we manage this potential conflict of interest by prohibiting our separate accounts from investing in the Olstein Funds. Also, as we describe in Item 13, we review all accounts to ensure that investments are appropriate. We discuss how we address certain other potential conflicts of interest in Item 10.C.2 below.

2. Other Purchase Options for Investment Products. To the extent that we invest your account in a mutual fund (other than the Olstein Funds) from which we may receive sales commissions and/or Rule 12b-1 distribution and shareholder servicing fees

on shares of that mutual fund, you should be aware that you can purchase that mutual fund directly or through another financial intermediary.

3. Commission Compensation Disclosure. Most of the revenue that we receive from our advisory clients is derived from our management fees, rather than from commissions or other compensation we receive for the sale of investment products. However, we do receive a significant amount of revenue from Rule 12b-1 fees on Fund shares that we sell.

4. Reduction of Advisory Fees to Offset Commissions or Markups. We do not reduce our advisory fees to offset commissions or markups on mutual funds we purchase for your account. However, we believe that we will invest a client in a mutual fund with a sales charge and/or Rule 12b-1 distribution and/or shareholder servicing fees only rarely, and only if we believe that the fund's investment merits outweigh the added cost to our client.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees, which are fees that are based on a share of the capital appreciation of the assets in your account.

#### **Item 7 - Types of Clients**

We offer our services to a number of different types of clients, including:

- Individuals, including high net worth individuals;
- Registered mutual funds and private investment funds;
- Trusts and estates;
- Corporations or other business entities;
- Corporate pension and profit-sharing plans;
- Charitable institutions, foundations and endowments;
- Sovereign and foreign funds;
- Taft-Hartley plans, governmental plans, and municipalities; and
- Not for profit entities.

While we usually require a minimum asset amount of \$10,000,000 to open an account with us, this minimum is subject to negotiation and modification.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

### **A. Methods of Analysis and Investment Strategies**

We follow an accounting-driven, value-oriented investing philosophy based on the premise that the price of a common stock may not reflect the true value of a company's underlying business. Our investment team employs analytical and valuation methods pioneered by Robert Olstein as co-founder and publisher of the *Quality of Earnings Report*. For us, reliable company valuations require a thorough understanding of a company's accounting practices and an assessment of a company's quality of earnings. Our investment team undertakes an intensive, forensic analysis of a company's financial statements, accompanying footnotes, shareholder reports and other required disclosures to assess the quality of earnings and identify positive or negative factors affecting future free cash.

Our investment analysis focuses on how a company's operations generate sustainable free cash flow; how much of that cash is, or might be, available to investors; and how much investment is required, on an ongoing basis, to maintain and grow the company's free cash flow. We believe that companies capable of generating sustainable free cash flow have the potential to enhance shareholder value by:

- increasing dividend payments;
- repurchasing company shares;
- reducing outstanding debt;
- engaging in strategic acquisitions;
- withstanding an economic downturn without adopting harmful short-term strategies; or
- being an attractive merger or acquisition target.

Although we use several valuation methodologies to determine a company's private market value, we emphasize valuations based on expected free cash flow. For us, reliable valuations require a thorough understanding of a company's accounting and reporting practices as well as an assessment of a company's quality of earnings. Our investment team undertakes an intensive, inferential analysis of the current and historical information contained in a company's publicly disclosed financial statements and accompanying footnotes, shareholder reports, and other required disclosures to assess the quality of earnings and to identify positive or negative factors likely to affect future free cash flow that may or may not be recognized by the financial markets.

We seek to differentiate between companies with aggressive and conservative accounting practices – believing companies that use aggressive accounting practices may be more prone to future negative earnings and revenue surprises, whereas companies that employ conservative accounting practices may exhibit greater predictability of future earnings and future free cash flow. When determining a company’s quality of earnings, our objective is not to endorse or criticize its accounting practices, but rather to eliminate management’s reporting biases and make adjustments to the company’s reported financial results that we believe reflect the economic reality of the company’s business. As discussed in more detail below in “Material Risks,” you should be aware that investing in equity securities involves the risk of the loss of the money you invest and you should be prepared to bear such loss.

#### The Olstein Funds

*Olstein All Cap Value Fund.* The Fund’s primary investment objective is long-term capital appreciation and its secondary objective is income. The Fund seeks to achieve its objectives by investing primarily in a diversified portfolio of common stocks that we believe are significantly undervalued. The stock selection process emphasizes a consideration of financial risk, determined by the quality of a company’s balance sheet and the quality of its earnings, before considering upside potential.

The Fund invests according to our belief that value opportunities can develop across all market capitalization and style categories, and the restriction of investments according to artificial barriers could inhibit the Fund from achieving its investment objectives. The Fund will invest in companies without regard to whether they are conventionally categorized as small, medium, or large capitalization or whether they are characterized as growth, value, cyclical, or any other category.

The Fund’s stock selection process concentrates on the common stocks of companies that we believe are selling below our calculation of private market value. We believe that stock prices often fall below a company’s private market value due to a short-term focus on or overreaction to several factors, including: a company’s temporary problems, a company’s inability to meet analyst’s quarterly earnings estimates, or other negative news or information about a company or short-term industry fundamentals or overall negative market psychology.

When determining the value of a company, we consider quantitative factors, such as, but not limited to, returns on assets, asset turnover, returns on equity, etc., and qualitative factors, such as, but not limited to, an assessment of a company’s competitive positioning, its products and/or services, the effectiveness and execution of its business strategy, the

economics and operating dynamics of its industry, and regulatory issues that may affect its business. Although we use several valuation methodologies to determine a company's private market value, we emphasize valuations based on a company's free cash flow. We generally seek to invest in companies with a cash flow yield (estimated free cash flow divided by market capitalization) that significantly exceeds the prevailing yield of three-year U.S. Treasury securities. We prefer comparing free cash flow yield to the yield on three-year U.S. Treasury securities rather than to relative price-to-earnings ratios with overall market measures or other stocks within similar industries because the rate on the three-year U.S. Treasury securities is a better comparative barometer to determine whether one is being adequately compensated for the risk of investing in an equity security.

When evaluating stocks for the Fund's portfolio, we emphasize an inferential analysis of financial statements to assess the quality of earnings reported by the company and to look for early warning alerts of directional changes in a company's ability to generate free cash flow. Because the quality of earnings and future free cash flow directly affect the valuation of a company, we examine and assess the accounting practices and the choices and assumptions a company makes when constructing its financial statements. We seek to differentiate between companies with aggressive and conservative accounting practices and to identify positive or negative factors affecting a company's ability to generate future free cash flow that may or may not be recognized by the financial markets.

The Fund's investment approach is based on our belief that an intensive inferential analysis of a company's financial statements, supporting documents, disclosure practices, and financial statement footnotes, is the best way to analyze the capabilities of management, assess the quality of its earnings and the economic reality of the information provided, assess the conservatism of the accounting and disclosure practices, evaluate the company's financial strength, and finally, determine the value of the company. When screening investments for the Fund's portfolio, we believe that the quality of a company is associated with the following characteristics:

- its financial strength;
- its ability to provide excess cash flow;
- the quality of its earnings; and
- a high probability of predicting future cash flow based on the company's unique business fundamentals.

In addition to investing in common stocks, the Fund may invest in other equity securities or securities that have an equity component, such as warrants, rights, or securities that are convertible into common stock.

The Fund also may invest up to 20% of its net assets in foreign securities that are traded in U.S. dollars, including American Depositary Receipts (“ADRs”), which are receipts typically issued by a U.S. bank or trust company that evidence ownership of underlying foreign securities. The Fund’s foreign investments will be limited to investments in companies in developed countries, rather than in countries with developing or emerging markets.

The Fund will purchase stocks that meet its value criteria and, if we conclude that suitable undervalued securities are not available, the Fund may invest all or a portion of its assets in cash or short-term fixed income or money market securities until suitable equity securities are available. At such times, the Fund will pursue its secondary investment objective of income.

*Olstein Strategic Opportunities Fund.* The Fund’s primary investment objective is long-term capital appreciation and its secondary objective is income. The Fund seeks to achieve its objectives by investing primarily in common stocks of small- and mid-sized companies that we believe are selling at a significant discount to our determination of their private market value. Small- to mid-sized companies face unique strategic choices, challenges and problems, often as a result of the company’s size or expectations for growth. We believe that the markets’ short-term reactions to such situations often create unique investment opportunities for the long-term investor. The Olstein Strategic Opportunities Fund also may employ a distinctive approach that involves engaging as an activist investor in situations where we perceive that such an approach is likely to add value to the investment process. Although the Fund does not have strict limits regarding the size (market capitalization) of companies in which it will invest, the emphasis on small- and mid-sized companies allows the Fund to make significant investments in such companies, which may increase the probability that management will act upon our strategic recommendations.

For purposes of this investment policy, the Fund considers “small- and mid-sized companies” to be companies with market capitalization values (share price multiplied by the number of shares of common stock outstanding) within the range represented in the Russell 2500™ Index. The Russell 2500™ Index measures the performance of the 2,500 smallest companies in the Russell 3000® Index.

We believe that opportunities to buy under-valued stocks of small- and mid-sized companies may arise from many factors including, but not limited to:

- misperceptions of, and investor over-reaction to, short-term problems or negative news;
- the earnings power of these companies may be underappreciated;
- the potential of these companies to generate future free cash flow may be unrecognized;
- these companies may be less prone to identify that change is needed to improve financial results;
- some of these companies may have little following among investors; or
- these companies may have a higher probability of having unrecognized business lines and hidden or undervalued assets.

When evaluating stocks for the Fund, we emphasize an inferential analysis of financial statements to assess the quality of earnings reported by the company and to identify early warning alerts of directional changes in the company's ability to generate free cash flow. Because the quality of earnings and future excess cash flow directly affect the valuation of a company, we examine and assess the accounting practices and choices a company makes when constructing its financial statements. We seek to differentiate between companies with aggressive and conservative accounting practices and to identify positive or negative factors affecting a company's ability to generate future free cash flow that may or may not be recognized by the financial markets.

The Fund also may engage in shareholder activism as a form of value investing. We often focus on "deep value" situations where we believe that the public market price of a company's common stock does not reflect our estimate of the company's intrinsic value, or where there is an identifiable impediment to the recognition of private market value. In such situations, we normally will approach company management on a cooperative basis to offer strategic advice. Desired outcomes of the Fund's shareholder activism may include, but are not limited to, the liquidation of non-core assets, share repurchases, a dividend of excess cash, a new or changed management team, material changes in management policies, the removal of a "poison pill," or a merger or sale of the company.

Although our intent is to acquire a significant investment in the stock of a target company as an activist investor, it is possible that news, price movements, or other market

or economic conditions may cause us to stop acquiring a stock or to sell an existing position.

In addition to investing in common stocks, the Fund may invest in other equity securities or securities that have an equity component, such as warrants, rights, or securities that are convertible into common stock. Within regulatory limits, the Fund also may invest in other investment companies, exchange traded funds (“ETFs”) and similarly structured pooled investments for the purpose of gaining exposure to appropriate sectors or portions of the U.S. equity markets while maintaining liquidity.

The Fund also may invest up to 20% of its net assets in ADRs. The Fund’s foreign investments will be limited to investments in companies in developed countries, rather than in countries with developing or emerging markets.

The Fund will purchase stocks that meet its value criteria and, if we conclude that suitable undervalued securities are not available, the Fund may invest all or a portion of its assets in cash or short-term fixed income or money market securities until suitable equity securities are available. At such times, the Fund will pursue its secondary investment objective of income.

#### Separate Accounts

*Olstein Multi-Cap Value Equity Strategy.* Accounts that utilize the Olstein Multi-Cap Value Equity Strategy typically invest primarily in equity securities of companies that we perceive to be undervalued and to have discernible financial strength, unique business fundamentals, a competitive edge and an ability to generate free cash flow. Our bottom-up fundamental analysis focuses on how a company’s operations generate sustainable free cash flow and the level of investment required to grow free cash flow. We undertake a forensic analysis of financial statements to assess the quality of earnings; to determine if accounting policies and reporting practices reflect economic reality and to identify positive or negative factors that may affect future free cash flow. Before valuing a company using a discounted cash flow model, we adjust reported numbers in an attempt to eliminate management’s reporting biases. For us, a forensic analysis of financial statements reveals the success of a company’s strategy, sustainability of its performance and impact of management decisions on future cash flow and is more useful than management forecasts or earnings guidance. We construct portfolios for client accounts using our Multi-Cap Value Equity Strategy on a stock-by-stock basis and usually include 55 to 75 companies that trade at significant discounts to private market value and offer what we believe to be the best opportunity for the highest long-term risk-adjusted rates of return.



*Olstein SMID Value Equity Strategy.* Accounts that utilize the Olstein SMID Value Equity Strategy typically invest primarily in equity securities of small- and mid-capitalization companies that we perceive to have financial strength, unique business fundamentals, a competitive edge and an ability to generate free cash flow. However, the companies may face unique strategic challenges or problems that conceal the company's favorable fundamental value characteristics. Our bottom-up fundamental analysis focuses on how a company's operations generate sustainable free cash flow with an emphasis on identifying alternative strategies that may increase shareholder value. For certain companies in which we may invest as part of our SMID Value Equity Strategy, we opportunistically pursue an activist agenda, acquiring a significant position and attempting to influence management to adopt changes that may improve shareholder returns. Recommended approaches include: altering a company's strategic direction through changes in governance, management skill, capital allocation, asset deployment or sale/breakup of the company or compelling the company to use excess cash to increase dividends, buy back shares, or improve the balance sheet to achieve greater operating leverage. We construct portfolios for client accounts using our SMID Value Equity Strategy on a stock-by-stock basis and usually include 35 - 50 companies that trade at significant discounts to private market value and offer what we believe to be the best opportunity for the highest long-term risk-adjusted rates of return.

## **B. Material Risks**

An investment in the Olstein All Cap Value Fund, Olstein Strategic Opportunities Fund or in an account that utilizes the Olstein Multi-Cap Value Equity Strategy or Olstein SMID Value Equity Strategy is subject to the material risks discussed below. Each of these risks has the potential (individually or in any combination) to affect adversely the net asset value of the Fund or your account and cause you to lose money.

### Stock Market and Manager Risk

Like all equity investments, an investment in a Fund or an account using the Multi-Cap Value Equity or SMID Value Equity Strategy is subject to the risk that prices of securities may decline over short, or even extended, time periods, or that the investments we choose may not perform as anticipated. Also, the Fund's and account's investment success depends on our skill in evaluating, selecting and monitoring the Fund's or account's assets. We may be incorrect in our judgment of the value of particular stocks which may cause an account to underperform its benchmarks or a Fund to underperform its mutual fund peers.

### Value Investing Style Risk

We follow a value-oriented investment approach. However, a particular value stock may not increase in price as we anticipated and may actually decline in price if other investors fail to recognize the stock's value or if a catalyst that we believe will increase the price of the stock does not occur or does not affect the price of the stock in the manner or to the degree we anticipated. Also, our calculation of a stock's private market value involves estimates of future cash flow which may prove to be incorrect and, therefore, could result in sales of the stock at prices lower than the Fund's or an account's original purchase price.

#### Portfolio Turnover

We employ a "buy and sell" discipline, where we purchase or sell stocks whenever the Fund's or an account's value criteria are met. This practice may result in a portfolio turnover rate higher than that of many funds or accounts with similar investment strategies. High portfolio turnover involves additional transaction costs (such as brokerage commissions) that are borne by the Fund or account, and might involve adverse tax effects.

#### Foreign Investing

Investing in foreign companies typically involves more risks than investing in U.S. companies. These risks can increase the potential for losses in the Fund and may include, among others, currency risks (fluctuations in currency exchange rates), country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations, and policies that have the effect of limiting or restricting foreign investment or the movement of assets), unfavorable trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility.

In addition, the Olstein Strategic Opportunities Fund and the Olstein SMID Value Equity Strategy have the following additional risks:

#### Non-Diversification Risk

The Fund and an account using the SMID Value Equity Strategy may focus its investments in a smaller number of companies than a diversified fund or account. As a result, the gains or losses on a single security may have a greater impact on the Fund's or account's net asset value than would be the case if investments were made in a larger number of securities. Consequently, the Fund or an account using the SMID Value Equity Strategy may be more volatile than a diversified fund or an account invested in a larger number of equity securities.

#### Small- and Mid-Sized Company Risk

The securities of companies with small- and mid-sized capitalizations may be more vulnerable to adverse business or economic events and may involve greater investment risks than the securities of larger, more established companies. Small- and mid-sized companies may have an unproven or narrow technological base and limited product lines, distribution channels, and market and financial resources, and small capitalization companies also may be dependent on entrepreneurial management, making the companies more susceptible to certain setbacks and reversals. As a result, the securities of small- and mid-sized capitalization companies may be subject to more abrupt or erratic price movements, may have more limited marketability, and may be less liquid than securities of companies with larger capitalizations. Securities of small- and mid-sized companies also may pay no, or only small, dividends.

#### Liquidity Risk

The securities of many small- and mid-sized companies may have a smaller “float” (the number of shares that normally trade) and attract less market interest and, therefore, are subject to liquidity risk. Liquidity risk is the risk that certain securities may be difficult or impossible to sell at the time and price that we would like to sell the security. If that happens, the Fund or a separate account may have to lower the price, sell other securities instead, or forego an investment opportunity, any of which could have a negative effect on Fund or account performance.

#### **C. Material Risks of Recommending a Particular Type of Security**

The material risks of investing in equity securities are discussed in Item 8.B, above.

#### **Item 9 - Disciplinary Information**

We are obligated to disclose any legal or disciplinary event that would be material to your evaluation of us or the integrity of our management. We do not have any legal, financial or disciplinary information to report to you.

##### **A. Criminal or Civil Action**

Not Applicable

##### **B. Administrative Proceeding**

Not Applicable

##### **C. Self-Regulatory Organization Proceeding**

Not Applicable

## **Item 10 - Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer Affiliate**

In addition to being an investment adviser, we are registered with the SEC and the Financial Industry Regulatory Authority (“FINRA”) as a broker-dealer and serve as principal underwriter and distributor of the Olstein Funds.

### **B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Affiliate**

We are not a futures commission merchant, commodity pool operator or a commodity trading adviser affiliate.

### **C. Relationship or Arrangement with an Affiliate that is Material to Our Advisory Business**

#### **1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**

In addition to being the investment adviser to the Olstein Funds, we also serve as their principal underwriter and distributor. In these roles, we are responsible for:

- selling the Funds, either directly as a broker-dealer or indirectly by contracting with other “financial advisers,” such as brokers, dealers, banks, investment advisers, financial planners, retirement plan administrators, or other financial intermediaries, to sell the Funds;
- providing marketing support;
- providing shareholder servicing support; and
- coordinating the activities of the Funds’ various service providers and financial advisers.

We currently do not execute trades as a broker-dealer, and we receive no commissions for effecting trades of securities in your account.

For more information about how our relationship with the Olstein Funds and the various roles in which we service the Funds creates potential conflicts of interest with our clients and how they are addressed, please see the discussion that immediately follows in Item 10.C.2 below.

2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

We serve as the investment adviser, principal underwriter and distributor to the Olstein Funds. In connection with these roles, we receive management fees, sales commissions and/or Rule 12b-1 distribution and shareholder servicing fees for some of these services, and therefore we have a financial incentive to sell shares of the Funds. To mitigate this conflict of interest, clients interested in investing in the Funds are provided with a prospectus which includes detailed information about the fees that we receive in connection with managing and distributing the Funds. Separate accounts will not be invested in the Olstein Funds.

In order to promote the sale of the Olstein Funds, we make, at our own expense and from our own profits, additional payments to certain unaffiliated financial advisers. These payments to financial advisers are in addition to the distribution and service fees and sales charges paid to them by the Olstein Funds. We make these “revenue sharing payments” to the financial advisers for their marketing, promotional or related services in connection with the sale or retention of Fund shares. We also may make these payments to financial advisers for providing record keeping, sub-accounting, transaction processing, due diligence, training operations, systems support and other shareholder or administrative services for their clients who are Fund shareholders. These revenue sharing payments usually are paid when the financial advisers’ selling and/or servicing fees exceed available Rule 12b-1 fees from the Funds.

The revenue sharing payments we make to a financial adviser in any year will vary and may be a substantial amount. These payments may be based on various factors, including: the different levels of services provided by the financial adviser; the level of assets maintained in the financial adviser’s customer accounts; sales of new shares by the financial adviser; the placing of the Funds on a recommended or preferred list; providing the Funds with “shelf space” and/or a higher profile for the financial adviser’s consultants, sales personnel and customers; access to a financial adviser’s sales personnel; etc. We provide information to the Olstein Funds’ Board regarding our revenue sharing payments. We also may pay or allow other promotional incentives or payments to financial advisers as may be

permitted by the SEC and FINRA rules and other applicable laws and regulations.

Revenue sharing payments may create a financial incentive for financial advisers and their sales personnel to highlight, feature, or recommend mutual funds based, at least in part, on the level of compensation paid to them. If one mutual fund sponsor or distributor makes greater payments for distribution assistance than sponsors or distributors of other mutual funds, a financial adviser and its sales persons may have a financial incentive to favor sales of shares of one mutual fund over another or over other investment options.

#### How We Manage Certain Conflicts of Interest

Our Compliance Committee is responsible for promptly identifying potential conflicts of interest and updating our policies and procedures to meet the newly identified challenges. We have various incentives to unfairly treat one account better than another account. For example, because our advisory fee is based on assets under management, we generally earn more fees from larger accounts than smaller accounts, and thus, have an incentive to devote more time and resources and allocate trades and investment opportunities to larger accounts. Alternatively, we may have an incentive to allocate more time and resources and allocate trades and investment opportunities to smaller or newer accounts, if we believe doing so will have a greater effect on performance and may bring in more assets (or more fees if we charge a higher advisory fee on the smaller account). Discussed below are policies and procedures that we have implemented that are designed to minimize the potential conflicts that may arise in the following areas:

Order Allocation Procedures: Please see Item 12 for a discussion of our Order Allocation Procedures.

Allocation of Limited Time and Attention: Our investment decision-making process has been developed to provide Portfolio Managers who are responsible for managing multiple client accounts with appropriate time and attention to devote to the management of each account. In addition, to the degree we manage two or more client accounts that are run in a similar manner, the time spent by our investment personnel finding and developing investment ideas benefits each such client. Furthermore, our compensation

program has been designed to motivate employees to provide all clients with the appropriate allocation of our resources.

Allocation of Limited Investment Opportunities: We are committed to providing all clients of a particular investment strategy with access to, and participation in, investment opportunities that are equally suited to that investment strategy. Our Order Allocation Procedures, which are described in Item 12, also address allocation of limited investment opportunities.

Trading Through Ourselves: We currently do not execute trades as a broker-dealer, and we receive no commissions for effecting trades of securities in your account.

Insider Trading: Our Insider Trading Policy is designed to prevent our employees from misusing material, non-public information. Our Insider Trading Policy forbids our employees from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law. We and our employees are not permitted to use material non-public information in effecting purchases and sales of securities for ourselves or our clients. If we come into possession of material non-public information, it could limit our ability to buy or sell the affected securities for your account. Our Insider Trading Policy contains procedures designed to implement and maintain our prohibitions on insider trading.

Soft Dollars: Please see Item 12 for a discussion of our soft dollar practices and how we manage the related potential conflicts of interest.

Privacy Protection: Our Privacy Protection Policy and Procedures requires us to take steps that are designed to protect the confidentiality of your non-public information and to address conflicts of interests that may arise from our ability to derive a benefit from sharing this information to third parties who may want to market products to you. We do not share your non-public information with other companies for marketing purposes.

3. Other investment adviser or financial planner - Not Applicable
4. Futures commission merchant, commodity pool operator, or commodity trading adviser - Not Applicable
5. Banking or thrift institution – Not Applicable

6. Accountant or accounting firm – Not Applicable
7. Lawyer or law firm – Not Applicable
8. Insurance company or agency – Not Applicable
9. Pension consultant – Not Applicable
10. Real estate broker or dealer – Not Applicable
11. Sponsor or syndicator of limited partnerships – Not Applicable

**D. Recommending or Selecting Other Investment Advisers and Related Material Conflicts of Interest**

Not Applicable

**Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A. Code of Ethics**

We have adopted a Code of Ethics (“Code”) that governs a number of potential conflicts of interest we have when providing our advisory services to you. This comprehensive Code is designed to ensure that we meet our fiduciary obligation to you. Our Code also is designed to prevent and detect violations of securities laws.

Our Code is distributed to each employee at the time of hire, and annually thereafter. We supplement the Code with annual training and on-going monitoring of employee activity.

Among other things, our Code:

- prohibits illegal insider trading;
- prohibits gifts and entertainment that exceed our policy standards;
- requires that our employees report business gifts and entertainment;
- requires that our employees pre-clear many of their personal securities transactions;
- requires that our employees quarterly report most of their personal securities transactions;
- requires that our employees annually certify their compliance to our Code and identify their accounts and securities in which they have a beneficial ownership at that time; and



- requires that our employees report any violations of our Code.

Our Code regulates, but it does not prohibit, personal trading by our employees or our firm. Personal trading of securities by our employees may give rise to potential conflicts of interest. For example, we may purchase or sell the same or similar securities at the same time that we place transactions for your account and the accounts of our other clients. A conflict of interest could arise if an employee attempted to benefit from the short-term market effects of our transactions for clients by trading ahead of client transactions or otherwise used firm trading information to profit at the expense of our clients. Our Code establishes a variety of restrictions, procedures and disclosures designed to minimize these conflicts of interest and to limit the ability of our employees to serve their own interests ahead of those of our clients. For example, the Code prohibits employees from trading in a security if they have actual knowledge at the time of such trade that the security is being purchased or sold for our clients or considered for purchase or sale for our clients. The Code also requires our employees to pre-clear certain securities trades and to report quarterly their securities transactions. We also monitor our employees' trading to try to prevent conflicts of interest.

Furthermore, we currently do not execute trades as a broker-dealer. This means that we don't have the incentive to unnecessarily buy and sell securities in your account or to effect a trade through ourselves when another broker-dealer would be better able to execute that trade to generate brokerage commissions for our firm.

We also may buy, sell or hold a position for one account while another account is undertaking a contrary strategy, which could disadvantage one of the accounts. For example, we may simultaneously buy a security for one account and sell the same security for another account. To seek to mitigate any adverse consequences that could result, we will undertake such differing transactions only when they are consistent with each account's investment objectives and policies and our fiduciary duty.

In addition, we may recommend that you purchase a security in which we have a financial interest. For example, as we explain in Item 10.C.2 above, we have a financial incentive to sell shares of the Funds we manage.

Please see Items 10 and 12 for additional information regarding how we manage some other potential conflicts of interest that arise from our investment advisory relationship with you.

You may request a complete copy of our Code by contacting us at the address, telephone number or email address on the cover page of this Brochure.

## **Item 12 - Brokerage Practices**

### **A. Selecting Brokerage Firms**

We usually receive discretionary authority from a client at the outset of an advisory relationship to choose the broker-dealers that execute purchase or sale transactions for the securities in the client's account, as well as to negotiate the commission rates paid to these broker-dealers out of the client's account assets. We select broker-dealers based upon our judgment of their ability to execute these transactions and to provide related services. Our main consideration is to find broker-dealers that can execute transactions at "best execution." We believe that best execution includes many factors, such as the price paid or received for a security, the commission charged, the promptness and reliability of execution, the value of any research provided, responsiveness to requests or issues, the broker-dealer's financial responsibility, the confidentiality and placement accorded the order, and other factors affecting the overall benefit. Accordingly, transactions will not always be executed at the lowest available price or commission, but generally will be within a competitive range. We currently do not execute trades as a broker-dealer.

#### **1. Research and Other Soft Dollar Benefits**

We may select broker-dealers at least partially based on the brokerage and research services they provide to us, which is permitted by Section 28(e) of the Securities Exchange Act of 1934. The research can be created or developed by that broker-dealer or by a third party. These brokerage and research services may include, but are not limited to:

- providing advice (either directly or through publications) on the values of securities, the advisability of purchasing or selling securities, or the availability of securities and/or purchasers or sellers of securities;
- providing analysis or reports on issuers, securities or industries;
- providing information on economic factors and trends;
- assisting portfolio strategy;
- providing raw market data;
- providing pre-trade or post-trade analytics available through an order management system;
- providing software that analyzes securities portfolios or otherwise assists investment decisions;
- providing portfolio performance evaluation and technical market analysis; and

- providing assistance in the execution of portfolio transactions.

When an investment adviser uses client commissions to pay for these brokerage and research services, it is called “soft dollars.” Alternatively, when an investment adviser uses its own money to pay for these services, it is called “hard dollars.”

#### *Potential Conflicts of Interest Regarding Soft Dollars*

We do not have to pay for the research or execution services out of our own pocket to the extent that we use soft dollars to pay for them. Therefore, we may have an incentive to direct trades to broker-dealers that provide these services to lower our own expenses, rather than to broker-dealers that might provide the most favorable execution.

We use these research or execution services for our clients generally. Therefore, soft dollar benefits are not necessarily limited to those accounts that generate the benefit, nor are soft dollar benefits necessarily allocated to accounts in proportion to the soft dollar credits the accounts generate. A potential conflict of interest is that the allocation of the costs and benefits of these research and execution services may not be allocated fairly among accounts. For example, larger accounts tend to generate more soft dollar benefits than smaller accounts, assuming the accounts have similar portfolio turnover rates. We have policies and procedures that help us manage these potential conflicts of interest. For example, our policies allow client accounts to pay higher commissions (which is called “paying up”) to broker-dealers that provide brokerage or research services than to broker-dealers that do not provide such services only if we determine that the higher commissions are reasonable in relation to the value of the brokerage or research services provided. Furthermore, if we do not execute sufficient transactions with a broker-dealer to meet our soft dollar commitment over time, then we will pay the unpaid portion of the commitment out of our own pocket. We will not direct trades to a broker-dealer merely to satisfy a soft dollar commitment. We do not direct brokerage to broker-dealers for any reason other than to obtain best execution. Finally, we receive some brokerage and research services that we use partly in connection with our investment decision-making responsibilities and partly in connection with our administrative or other functions (these are called “mixed use” services). In these instances, we make a good faith estimate of how much of the cost of the service should be allocated to the brokerage and research that appropriately can be paid with soft dollars, and we pay for the remainder of the cost ourselves.

*Research and Execution Services Acquired with Brokerage Commissions During the Last Fiscal Year*

During the last fiscal year, we used soft dollars to pay for a portion of the cost of an interactive financial information network that provides research and execution services, including numerous data and analytical functions that help investment professionals analyze and manipulate data, thereby facilitating their own analysis and investment decisions. The network also serves as a conduit to our portfolio order management system, and it provides access (in the form of an electronic trading interface) to a broker-dealer that we use to execute some of our clients' portfolio transactions. We paid for the remainder of the cost of the network ourselves (in hard dollars).

During the last fiscal year, we also used soft dollars to obtain research focusing on small and mid capitalization companies.

*Brokerage Procedures*

Our Brokerage Procedures help us to seek best execution for securities transactions, as well as to monitor and to eliminate or manage the related conflicts of interest discussed above. Our Brokerage Procedures require us to: (i) examine on a regular and rigorous basis the quality of broker-dealers' execution of securities transactions; (ii) undertake periodic reviews to monitor our compliance with our duty to seek best execution; and (iii) resolve or manage any identified issues. Our Best Execution Committee is responsible for overseeing all aspects of our trading, including reviewing execution and soft dollar arrangements on a quarterly basis to, among other things, determine whether the soft dollar benefits are allocated fairly. The Best Execution Committee works in conjunction with our Portfolio Managers' and Traders' daily supervision of trading.

We also have the incentive to provide the best execution possible on trades for our clients to maximize their account performance, so that they will continue to entrust us with their assets.

We currently do not engage in principal transactions.

We may engage in cross transactions with our investment company clients if we follow our Rule 17a-7 Procedures. Consistent with applicable law and our fiduciary duty, we may engage in cross transactions with our other clients.

2. Brokerage for Client Referrals

We do not consider client referrals from a broker-dealer or other party as a factor in the selection of broker-dealers to execute a client's portfolio transactions. Our Brokerage Procedures prohibit this practice.

### 3. Directed Brokerage

We usually do not permit clients to direct brokerage to broker-dealers. However, under certain circumstances, consistent with applicable law, clients are permitted to direct brokerage from their accounts to a specific broker-dealer for execution, although we do not recommend this course of action for most clients. If a client elects to direct brokerage transactions, we may not be able to obtain best execution for that client. The client may pay higher commissions because we could not participate in the negotiation of commission rates. In addition, the client may receive less favorable prices because we could not aggregate those orders with orders of other clients, or because the broker-dealer selected by the client provided poor execution on the transaction.

#### **B. Order Aggregation**

We may aggregate orders for the purchase or sale of securities on behalf of our clients. We believe that aggregating client orders usually slightly reduces the costs of execution. However, if in a particular instance we believe that aggregating orders will increase clients' execution costs, we will not aggregate the orders. We will aggregate orders only when we believe that aggregating the orders is consistent with our duty to seek best execution and with each client's investment objectives.

We have adopted Order Allocation Procedures that are designed to fairly and equitably allocate trading and investment opportunities among our clients. Prior to purchasing or selling a security, we identify a "target percentage" for each account participating in the aggregated order. If an order is not filled completely, we will allocate the securities pro rata based on each account's intended percentage participation in the original order.

All of our clients also are afforded fair and equitable access to securities purchased in initial public offerings. Securities purchased in initial public offerings will be allocated using the same allocation methodology that is used for other aggregated trades subject, however, to any regulatory or other restrictions that could prevent a client from acquiring such securities.

We may choose not to allocate an order among client accounts with similar investment objectives and policies for various reasons. For example, client accounts may have different cash availability or different investment restrictions, or allocating an order

could result in an allocation to an account that we deem is too small (for example, 100 shares). In addition, Portfolio Managers could have different opinions that may lead one to be more aggressive or less price sensitive in certain circumstances. If we decide to buy or sell the same security for two or more client accounts at different times on the same day (that is, the trades are not aggregated), then our Order Allocation Procedures do not apply, and each transaction will probably receive different execution prices. Furthermore, we may simultaneously buy a security for one client account and sell the same security for another client account so long as these transactions are consistent with each client's investment objectives and policies and our fiduciary duty. We are not required to aggregate orders. It is possible that clients will pay higher execution costs if we do not aggregate orders when it is otherwise appropriate to do so.

Our Portfolio Managers and Traders are responsible for overseeing our trades so that: (i) no client account is unfairly favored over any other account; (ii) each client that participates in an aggregated order will participate based on our average execution price in that particular security on that day; and (iii) all transaction costs will be allocated pro rata based on each client's participation in the transaction.

We must approve any exceptions to the Order Allocation Procedures after determining that they are consistent with our duty to provide our clients with fair and equitable treatment.

### **Item 13 - Review of Accounts**

Robert A. Olstein, Chairman and Chief Investment Officer, heads our Investment Committee and has the ultimate responsibility for ongoing review of all client accounts and portfolios. As Chief Investment Officer, Mr. Olstein develops investment strategy and oversees investment research, stock selection, portfolio construction, risk management and investment professional development. Mr. Olstein conducts a monthly review of each client account with the Portfolio Manager(s) responsible for managing the account.

Portfolio Managers implement day-to-day portfolio investment strategy and undertake portfolio construction. Portfolio Managers have daily responsibility for ensuring that client portfolios comply with investment objectives, policies and restrictions.

### **The Olstein Funds**

We provide written quarterly reports to the Olstein Funds' Board regarding the investments of the Olstein Funds and related compliance issues, and provide supplemental reports, tax-related or other data upon request. In addition, mutual funds are required to provide written annual and semi-annual reports to their shareholders.

### Other Individual and Institutional Clients

For other individual and institutional clients, we usually arrange for the executing broker to provide clients with confirmations of trades or debit/credit advice promptly following completion of any portfolio transaction for which we have placed an order. We also provide written quarterly reports to our other individual and institutional clients that provide the market value for all investments and evaluated account performance for that quarter. We also are available for periodic meetings at the request of clients to discuss the investment policy and strategy being followed to seek achievement of clients' investment objectives.

### **Item 14 - Client Referrals and Other Compensation**

Please see our response to Item 10.C.2 for a discussion of the economic benefits we receive from managing the Olstein Funds, as well as the related conflicts of interest and how we manage them.

We do not pay compensation to anyone for referring clients to us. We do, however, make payments to broker-dealers who sell shares of the Olstein Funds and provide services to Fund shareholders, as discussed in Item 10.C.2.

### **Item 15 - Custody**

We do not maintain custody of the securities or funds in your account. You may authorize us to directly debit our fees from your account held at the custodian, subject to applicable regulations. Under this circumstance, we are deemed to have custody of your assets. You should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and to compare such official custodial records to the account statements we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 - Investment Discretion**

We usually receive discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. The grant of discretionary authority is provided for in the investment management agreement that we ask each client to sign in order to establish the investment adviser relationship. We intend to exercise this discretion in a manner that is consistent with the investment objectives for your account.

When selecting securities and determining amounts, we observe the client's investment objectives, policies and restrictions. For registered investment companies, our authority to trade securities also may be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment restrictions must be provided to us in writing. We will assess any restrictions and discuss with the client the potential impact of restrictions that we deem material. We may reject client investment restriction proposals if they are materially inconsistent with our investment strategy or for any other reason.

### **Item 17 - Voting Client Securities**

We will vote proxies for securities that are held in your account with us, unless you have directed us to the contrary in writing. We have adopted proxy voting policies and procedures and we understand our obligation to vote the proxies in your best interests. You may obtain without charge a copy of how we voted proxies for securities in your account or a copy of our proxy voting policies and procedures by contacting us at the address, telephone number or email address on the cover page of this Brochure. In addition, if you are a shareholder of one of the Olstein Funds, to request the proxy voting record for that Fund without charge you may call toll-free 1-800-799-2113, or you may go on the SEC's website at <http://www.sec.gov>. The Trust must file Form N-PX by August 31 of each year, which provides the proxy voting records of the Olstein Funds for the most recent twelve month period ended June 30.

We have contracted with Institutional Shareholder Services, Inc. ("ISS"), a subsidiary of MSCI Inc., to vote proxies for which we are responsible. Pursuant to this agreement, an ISS account manager exercises his or her authority and responsibility to execute proxy ballots on our and your behalf. ISS will vote such proxies in accordance with ISS's proprietary research and its proxy voting guidelines (which we review at least annually). We monitor ISS's proxy voting, and if we disagree with a proxy voting recommendation made by ISS, we maintain the right to override ISS's recommendation and instruct ISS to vote (which could include voting "abstain" or withholding a vote completely) the proxy based on our determination.

We do not anticipate that conflicts of interest with respect to proxy voting will arise often. In addition, we anticipate that we generally will follow the recommendations of ISS, thus further reducing the likelihood of potential conflicts of interest. Before we elect to override a recommendation from ISS, we will determine whether such override presents a potential conflict of interest. If we determine that a conflict of interest is present, then we will: (i) vote the proxy in accordance with the ISS recommendation; (ii) follow our internal



procedures for resolving proxy conflicts of interest; or (iii) engage an independent third party to perform the proxy analysis and issue a recommendation on how to vote. For each proxy for which we determine to override an ISS recommendation and/or that there is a potential conflict of interest, we will: (i) prepare a memo detailing the potential issues and/or conflicts of interest; (ii) review the memo and make a voting recommendation; (iii) make a decision on how to vote the proxy based on all available information and in your best interest; and (iv) document the proxy voting decision. Once the decision is made, ISS will vote the proxy based on our or the independent third party's decision.

You may direct us in writing how to vote a proxy in a particular solicitation. However, we have to receive your written direction at least one week before a vote must be cast so that we have sufficient time to process your request.

#### **Item 18 - Financial Information**

A balance sheet is not required to be provided because we do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

As of March 31, 2012, we have no financial commitment that impairs our ability to meet contractual commitments to clients, and we have not been the subject of a bankruptcy proceeding.

#### **Item 19 - Requirements for State-Registered Advisers**

Not Applicable