

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

A. Charles Flather

Middlegreen Associates

50 Congress Street #700

Boston, MA 02109

Tel. 617-723-2055

Fax. 617-723-2006

chflather@aol.com

B. The regulations require the following statement, " This brochure provides information about the qualifications and business practices of Middlegreen Associates. If you have any questions about the contents of this brochure please contact us at 617-723-2055 or via email at chflather@aol.com. The information in this brochure has not been approved by or verified by the United States Securities and Exchange Commission or by any state securities authority.

"Additional information about Middlegreen Associates also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). "

Item 2 Material Changes

There have been no material changes in the personnel or in the method of operation of Middlegreen Associates since the last SEC filing in early 2011.

### Item 3 Table of Contents

- |      |     |  |
|------|-----|--|
| Item | 1.  | Business name, contact information, and required statement     |
|      | 2.  | Material Changes   |
|      | 3.  | Table of Contents  |
|      | 4.  | Advisory Business. Principal owner and description of business |
|      | 5.  | Fees and Compensation  |
|      | 6.  | Performance-Based Fees and Side-by-Side Management             |
|      | 7.  | Types of Clients   |
|      | 8.  | Methods of Analysis, Investment Strategies, Risk of Loss       |
|      | 9.  | Disciplinary Information                                       |
|      | 10. | Other Financial Industry Activities and Affiliations           |
|      | 11. | Code of Ethics   |
|      | 12. | Brokerage Practices and Execution of Transactions              |
|      | 13. | Review of Accounts   |
|      | 14. | Client Referrals and Other Compensation                        |
|      | 15. | Custody  |
|      | 16. | Investment Discretion  |
|      | 17. | Proxies from Client Securities                                 |
|      | 18. | Financial Information  |

Part 2A, Appendix 1 Wrap fee program

#### Item 4 Advisory Business

A. Middlegreen Associates is an Investment Advisory Firm which manages assets for clients on a discretionary basis. Investments are made solely in marketable securities. The business was founded in 1986. The principal owner is Charles Flather, who as sole proprietor owns 100%. The firm has no intermediate subsidiaries.

The proprietor was born in 1933 received an AB from Harvard College in 1954 and an MBA from the Harvard Business School in 1958. He then spent more than 25 years with a large Boston investment management firm, State Street Research and Management Company, and for 17 of those years he was a pension fund portfolio manager in the corporate pension fund arena, was for over 20 years a partner of the firm, and during the last 4 years was one of the firm's managing partners. After leaving State Street Research, he founded Middlegreen Associates.

B. Middlegreen Associates invests only in marketable securities and solely on a discretionary basis.

C. The character of the securities held in a portfolio may vary depending upon the wishes and needs of a client. Securities are selected based on fundamental characteristics supplemented by technical analysis. Accounts are tailored to the individual needs of a client based on discussion with that client. Clients may impose restrictions on investing in certain types of securities.

D. The firm does not participate in any WRAP fee programs.

E. As of December 31, 2011 the firm had \$108,268,000 of assets under management. All assets are managed on a discretionary basis.

#### Item 5 Fees and compensation

A. The original fee schedule for individual clients is:

First	\$2,000,000	0.75%
Next	3,000,000	0.60
Over	5,000,000	0.50

Clients who came to the firm when that schedule was in effect are currently grandfathered at that schedule. The fee schedule for new accounts was changed to the following as of January 2008:

First	\$2,000,000	1.0%
Next	3,000,000	0.75
Over	5,000,000	0.50

Three immediate-family-of-the-proprietor accounts are managed for no fee, but other accounts are given priority in the execution of orders. The firm manages a pooled fund where the compensation is 20% of any increment in value over the previous year-end, high-water mark. In years with no such increment, there is no fee. This account pays a portion of Middlegreen Associates' office expenses and also any expenses directly attributable to it. By terms of the Partnership Agreement these expenses must be covered by incremental portfolio value before the incentive fee becomes effective. Fees are not negotiable.

B. For most clients on an annual fee basis, the fees are deducted from the client's assets. However, it has been the choice of a small number of clients to be billed directly for the fees incurred; and the firm is willing to accommodate this method. Clients are billed quarterly at one-fourth of the annual rate described in the fee schedules. Bills for the current quarter are usually rendered close to the middle of the quarter, so that the firm has worked for half of the quarter before the billing and is paid in advance for the second half of the quarter.

C. Middlegreen Associates does not offer custody services. All Clients of the firm must have a separate custodian, and the client pays the fees of this custodian. In addition, clients incur brokerage fees and possibly other transaction costs in connection with changes in the portfolios. These costs are discussed in more detail elsewhere in this brochure. In some cases the firm feels it is advisable to use mutual funds or exchange-traded funds as part of a client's portfolio. In these situations the client incurs whatever charges these funds may make in addition to the fee paid to Middlegreen Associates. Such investments are made only when Middlegreen deems it is highly desirable to include such funds in a portfolio.

D. As described in item C above, fees are paid in advance for a part of a current quarter. If an investment advisory contract is terminated before the end of that billing period, the client will receive a prorata refund for the number of days in the quarter that the portfolio was not under the firm's management.

E. The firm does not accept any compensation for the sale of securities or other investment products.

In cases where the firm owns mutual funds or ETFs on behalf of the clients, the client has the option to purchase these investment products through brokers or other agents that are not affiliated with Middlegreen Associates.

## Item 6 Performance- Based Fees and Side-by-Side Management

As discussed earlier, the firm manages one account where the fee is 20% of any increment above a previous high-water mark. Under the circumstances, there exists a possible incentive to give preference to the account which receives the performance-based fee. The firm makes every effort to avoid giving preference, and in the execution of orders gives weight to the character and objectives of each individual account and particularly whether a transaction may be beneficial to that account.

## Item 7 Types of Clients

The firm provides investment management to individuals, to trusts, and to IRA accounts. Usually, a minimum size account must be \$1 million to be accepted. However, exceptions will be made based on the particular circumstances.

## Item 8 Methods of Analysis Investment Strategies and Risk of Loss

A. The cornerstone of Middlegreen's investment philosophy is a conviction that the greatest single risk facing a pool of capital today is the inexorable diminution of purchasing power year by year due to persistent inroads from inflation. A dollar today becomes worth only fifty cents in fifteen years at a 4.5% inflation rate. Therefore, it is the firm's belief that an investor should carry as large a percentage of common stocks as can be tolerated in order to seek to offset these inflationary penalties. Concentration in equities involves market risk as well as the risk that mistake may be made in individual security selection.

Middlegreen invests for the long term. The company attempts to identify change early in its cycle and to invest in harmony with that change through companies that will benefit from it. Investments are predominantly in established companies where sales and earning power are expected to be substantially higher several years down the road. The firm looks for strong balance sheets and an above-average return on equity. Most portfolios own some smaller, lesser-known stocks where analysis indicates a reasonable likelihood of substantial growth. Portfolios may also own companies which do not have the characteristics just described but where the market price has reached a level that makes the situation compelling from an investment standpoint.

It is a fundamental principle of Middlegreen Associates' investment philosophy that price is a key ingredient in all investment decisions. No matter how attractive other investment characteristics may be, if the price fully reflects those characteristics, an issue may not be attractive for inclusion in a portfolio. Here again, there is the risk that the evaluation of a price may be faulty.

Investing in securities involves risk of loss that clients should be prepared to bear.

B. The Investment Philosophy described in Item 8 A naturally involves the risk that it may not work out favorably. As always, market risk and individual security risk may undermine the intended effect of owning a security or a group of securities.

C. Risks involved in owning securities can arise from many sources. Events may change the situation, unforeseen competitive developments may arise, or the price paid may turn out to have been excessive. The firm attempts to mitigate these risks by owning portfolios diversified by number of investments and also by analysis of the details of the situation in question before initiating a purchase.

#### Item 9 Disciplinary Information

The firm is not aware of any legal or disciplinary events that are material to a client's or to a prospective client's evaluation of its advisory business or the integrity of the management.

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

A. The firm and its principal are not registered as a broker/dealer and do not intend to do so.

B. The firm and its principal are not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor and do not intend to do so.

C. When Middlegreen Associates was initially founded, it sponsored a pooled fund, Middlegreen Limited Partnership, which was the only account under the firm's management for several years. From the start, the proprietor of Middlegreen Associates has had a significant personal investment in this Limited Partnership.

Given the proprietor's interest in this fund, there is a potential conflict of interest with respect to management of the other accounts. The proprietor attempts to avoid such conflicts by evaluating the requirements of each account and seeking to avoid giving preference to this Limited Partnership. The principal is a member of the advisory board of the Weatherbie Growth Fund, a hedge fund managed by the Boston firm, M.A. Weatherbie Co. The proprietor believes this affiliation does not pose any conflict of interest. This advisory board meets quarterly for approximately two hours.

D. Middlegreen Associates does not recommend or select other investment advisors on a commission basis.

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

- A. Middlegreen Associates has an absolute prohibition against the proprietor or an employee purchasing a security from a client's account or selling a security to a client's account. Accounts under the firm's management are given priority in the execution of orders ahead of personal transactions by the proprietor or an employee.
- B. It is possible that the firm may purchase for a client a security which is owned by the principal or an employee. Such a transaction will be done only if the firm believes it is in the best interest of the client in question. As previously stated, the proprietor is a general partner of Middlegreen Limited Partnership, one of the accounts under the firm's management, and attempts to avoid conflicts by careful consideration of each account's characteristics and the suitability of investments for each individual account.
- C. & D. As described above, the firm seeks to avoid conflict by giving priority in execution to orders to the accounts under the firm's management rather than to the principal or an employee. It is possible that one or more accounts may engage in a transaction after the principal or an employee has done so in the same security. Such a situation would only arise if a change in the firm's evaluation of that security or its suitability for an account were to take place.

## Item 12 Brokerage Practices

A. 1. Middlegreen Associates deals with a small number of brokerage firms for the execution of orders in client accounts. In choosing broker/dealer firms with which to place orders, the firm weighs heavily the services provided by that firm. Most important is the belief that such a firm will provide a good execution of the order. Secondly, but also important, is the availability of investment information and research provided by such a brokerage firm. Such research benefits the firm in that it may eliminate the requirement to produce or pay for the research elsewhere. The firm may have an incentive to select a broker based on its interest in receiving research, and such interest may conflict with a client's interest in receiving the lowest-cost, most-favorable execution. While this practice may cause clients to pay higher commissions than might otherwise be obtained, it is the belief of the firm that the value of the services provided by the broker exceeds such additional cost. In the year 2010, total brokerage commissions paid by the firm were five one hundredths of one percent of year-end assets under management.

Research information received from a broker may be used in connection with all client's accounts, not just the account paying a specific commission, with the result that some clients may benefit from a commission paid by another. The firm feels complications and time involved in seeking to allocate commissions paid relative to the benefit received for each account in terms of the information provided by the broker would detract from the firm's primary mission of providing good security selection and investment management service.

The only products or services received by the firm from brokerage commissions in the last fiscal year are research, including written reports, verbal discussions, and meetings arranged by broker/dealers. The firm received no services from brokers that did not aid in investment-decision-making or trade execution.

The firm directs business to broker/dealers in a manner so as to give the largest portions of the commissions available to those brokerage firms which it deems to be providing the most valuable investment information.

## 2. Brokerage for Client Referrals

The firm does not select brokers for commission business based on any client referrals from a broker/dealer or a third party.

## 3. Directed Brokerage

The firm does not recommend, request, or require that a client direct the firm to execute transactions through a specific broker/dealer. The firm does not permit a client to direct brokerage.

B. The company may aggregate the purchase or sale of securities when it deems it advisable to do so. That is, orders may be placed for a block of securities; and then the execution will be allocated to a number of different accounts. Since the commission paid is usually the same in terms of cents per share, there is unlikely to be an additional cost when orders are aggregated.

## Item 13 Review of Accounts

Accounts are reviewed at least weekly. The reviews include not only evaluation of the individual securities held, with particular emphasis on current prices, but also a review of diversification and concentration in a particular portfolio and how that emphasis relates to the client's objectives. Accounts will also be reviewed more frequently if there is a significant change in market prices. The firm sends a written report to clients at the end of each quarter discussing its view of business and investment conditions along with a copy of the client's quarter-end portfolio. Most clients also receive from the custodian a monthly report showing portfolio value and any transactions.

## Item 14 Client Referrals and Other Compensation



No person who is not a client has ever provided an economic benefit to the firm for providing investment advice or other advisory services to the firm's clients. The firm has never compensated directly or indirectly any person for client referrals.

#### Item 15 Custody

The firm has custody of client funds only in the case of Middlegreen Limited Partnership and in an amount less than \$40,000. These funds are used solely to take care of the partnership's operating expenses as provided for in the Partnership Agreement. Limited partners may refer to their copy of the Partnership Agreement for more details regarding this arrangement. Clients should carefully review statements received from custodians, and it is recommended that those reports be compared with those received from Middlegreen Associates.

#### Item 16 Investment Discretion

The firm accepts only accounts where it has discretion to manage securities on behalf of clients. Clients may place limitations on such discretion although the experience of the firm is that they have generally not done so. Discretion to manage an account is given to the firm by the terms of the investment management agreement executed by the client.

#### Item 17 Voting Client Securities

The firm's standard investment management agreement specifies that the client will retain the right to vote securities with one exception. Those clients receive their proxies directly from the custodian. The firm remains willing to discuss and advise clients with respect to their voting of proxies if they so wish. No client has broached this subject to the firm for the entire 25 year life of the company. In the case where the firm does have the authority to vote proxies, the proxy is reviewed with respect particularly to any controversial issues or those which might affect the value of securities in question to determine how and if the proxy should be voted. Any client is welcome to discuss any question relating to proxy voting at any time.

#### Item 18 Financial Information

A. The firm does not require or solicit payment of more than \$1,200 in fees per client six months or more in advance.

B. The firm knows of no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. The firm and its proprietor have not been subject of a bankruptcy petition any time in the last ten years.

Part 2A - Appendix I of Form ADV:

WRAP fee program

Not Applicable.

The firm does not have and never has had a WRAP fee program.

Part 2B Form ADV - Brochure Supplement

Not Applicable since the firm is a sole proprietorship with only one investment officer and no supervised persons. The proprietor's background and qualifications may be found in Item 4 A. of this brochure.