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This brochure provides information about the qualification and business practices of Moody Aldrich Partners, LLC. Should you have any questions or comments concerning any of the information contained in this brochure, please call us at (781) 639-2750 or write to:

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The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Moody Aldrich Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2012

Material Changes

Annual Update

Moody Aldrich Partners, LLC (“MAP”) is providing this information as part of our annual updating amendment.

Material Changes since the Last Update

There have been no material changes since our last annual update on March 30, 2011. For any future material changes to this and subsequent Brochures, we will provide a summary of material changes within 120 days of the close of our fiscal year, or more often as necessary.

Full Brochure Availability

This brochure for MAP is available by calling (781) 639-2750 or writing to:

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Advisory Business

Firm Description

Moody Aldrich Partners, LLC (MAP) was founded as Moody Aldrich & Sullivan in 1988 by Amory Aldrich, William Moody and Neil Sullivan. In 2003, MAP acquired the assets and staff of Pierre & Company, LLC, (including the Pierre All Cap Value strategy). At that time Michael Pierre became a partner of MAP and the name was changed to Moody Aldrich Partners. See the [Affiliations](#) sub-section of the *Other Financial Industry Activities and Affiliations* section for additional details about Pierre & Company. MAP is a privately held Registered Investment Advisor. Registration with the SEC does not imply a certain level of skill or training.

Principal Owners

MAP is privately held with 51% ownership by employees of MAP and 49% by non-employee individuals.

Name	Title	% of Ownership
Eyk Van Otterloo	Limited Partner	26.0
*William B. Moody	Portfolio Manager	21.2
*Amory A. Aldrich, Jr.	Portfolio Manager	21.2
*Eli S. Kent	Managing Director	5.0
*Michael C. Pierre	Portfolio Manager	3.3

* Employees

Types of Advisory Services

MAP provides investment advisory services to institutions, such as banking or thrift institutions, pooled investment vehicles (other than investment companies), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities, educational institutions, state and municipal government entities, Taft Hartley Act entities, partnerships, other institutional, wrap fee and UMA programs (see [Wrap Fee Programs](#) sub-section below for more details), in addition to individuals and high net worth individuals through separately managed accounts. Please see the [Type of Clients](#) section of this brochure for more information on the types of clients we service. MAP provides investment advisory services through the purchase and sale of equity securities, mutual fund shares and exchange traded funds (ETFs). MAP additionally provides investment advisory services through an investment model portfolio to one or more Unified Managed Account (UMA) overlay programs. Please see the [Unified Managed Account \(UMA\) Programs](#) sub-section below for more details.

Tailored Relationships

In general, each portfolio is managed to our style model portfolio using our trade order management system. All portfolios are reviewed at least monthly for drift from their style model portfolio. Drift is defined as the difference between the portfolio position weight and the style model portfolio position weight. Portfolio positions determined to be outside of the tolerance range from the style model portfolio will be rebalanced to the style model portfolio weight as necessary.

MAP will, at its discretion, accept restrictions to an individual client's portfolio. Such portfolio restrictions may include:

- specific stock restrictions;
- tax generation restrictions (such as no Real Estate Investment Trusts or Limited Partnerships);
- sector restrictions; or,
- country specific restrictions.

All restrictions must be submitted in writing and are subject to approval by MAP.

Institutional clients (non-wrap or UMA clients) may additionally provide more comprehensive investment policy statements and portfolio structure guidelines. These guidelines may include cash and position minimum or maximum weights, portfolio concentration, reporting or meeting requirements and proxy voting instructions.

In the event that MAP is found to be out of adherence with a client's accepted portfolio guidelines, immediate corrective action will be taken and the client will be notified. If a violation negatively affects the client, the client is made whole. If the error positively affects the client, the client retains the benefit. All errors will be corrected at no cost to the client.

Wrap Fee Programs

MAP provides investment advice to accounts in one or more wrap fee programs. A wrap fee program is a program in which a client is charged an asset based account fee or fees not based directly on transactions or brokerage commissions in a client's account. In addition to transactions fees, bundled, or wrap, fees may also include portfolio monitoring, consulting, selection of other investment advisers, custodial and advisory services. Some wrap program fees do not include MAP's investment advisory services fee. In this case, the wrap client will directly pay MAP a quarterly fee for the investment advisory services as agreed upon in MAP's Investment Management Agreement which is executed by the client.

Wrap accounts are managed in the same manner as our institutional (non-wrap) clients and are invested in the same products offered to institutional accounts. Wrap accounts are included in the established trade order rotation and, when possible, included in block trading with other client accounts. Since wrap program fees include commissions or transaction fees, there is an expectation that a majority of wrap client trading will be executed by the wrap sponsor.

Wrap account clients receive information on performance, etc., directly from their sponsor or consultant. In these cases, we provide information to the sponsor or consultant instead of directly to the client. MAP does not provide account level information or letters to wrap account clients unless by special arrangement.

Unified Managed Account (UMA) Programs

MAP provides investment advice to accounts in one or more UMA programs in which the UMA client pays a UMA program fee to the UMA sponsor, a portion of which the UMA sponsor pays to MAP for investment advice. A UMA program is a program where an advisor (MAP) provides an investment model to the UMA overlay manager. Changes to the model are communicated to the UMA overlay manager, but MAP has no supervisory or other authority over the UMA overlay manager. The UMA overlay manager effects the purchase and sale of the equity securities, mutual fund shares and ETFs in the underlying accounts. The investment advice provided in the model to the UMA overlay manager contains the same advice provided to institutional accounts.

UMA accounts are included in the established trade order rotation.

Client Assets

Discretionary Firm Assets as of 12/31/2011: \$472,853,000

Non-discretionary Firm Assets* as of 12/31/2011: \$91,779,000

Total Firm Assets* as of 12/31/2011: \$564,632,000

* These figures include Unified Managed Account (UMA) assets. UMA assets are generally considered non-discretionary assets. MAP may be considered to have investment discretion over the assets if so designated by the UMA program sponsor.

Fees and Compensation

MAP receives compensation for its investment advisory services by charging a fee on the percentage of assets under our management.

Institutional (& Other Non-Wrap or UMA) Accounts

Fee Calculation & Billing

Unless by prior arrangement, investment advisory fees for institutional clients (non-wrap or UMA clients) are billed quarterly in arrears calculated based on the closing market value of the account on the last business day of the calendar quarter. Fees are prorated for the period if investment advisory services commence other than on the first day of such quarter or terminate other than on the last day of such quarter. If such services terminate other than on the last day of a quarter, the computation of such fees shall be based on the market value of the assets in the account at the close of business on the date of termination. Investment advisory services may be terminated by MAP or the client upon at least 30 days' written notice in advance of such termination date.

Unless by prior special arrangement, MAP has the authority to calculate and deduct investment advisory fees directly from client accounts held at a qualified custodian. MAP has policies and procedures in place that address the risk that MAP could deduct fees to which MAP is not entitled under the terms of the Investment Management Agreement.

Fee Schedules

Mid Cap Value Accounts

- First \$10 million 0.75% of assets per annum
- Next \$10 million 0.60% of assets per annum
- Next \$30 million 0.50% of assets per annum
- All Additional Assets 0.40% of assets per annum

Small Cap Value Accounts

- First \$15 Million 1.00% of assets per annum
- Next \$30 Million 0.85% of assets per annum
- All Additional Assets 0.70% of assets per annum

Focused Value Accounts

- First \$10 Million 1.00% of assets per annum
- All Additional Assets 0.80% of assets per annum

Select Equity Accounts

- First \$15 Million 1.00% of assets per annum
- Next \$30 Million 0.85% of assets per annum
- All Additional Assets 0.70% of assets per annum

Fees are negotiable for certain accounts and distribution channels where client service and portfolio administration requirements are reduced, including, but not limited to, wrap and UMA programs. MAP reserves the right to negotiate fees within these areas.

Other Institutional (& Other Non-Wrap or UMA) Account Fees

If a client is invested in a mutual fund or exchange traded fund (ETF), the client is paying two management fees on those investments. One fee goes to MAP and one to the adviser of the mutual fund or ETF. This may also apply to the cash portion of a client's portfolio that is invested in a money market fund or other cash equivalent.

In connection with MAP's advisory services, clients may incur and are responsible for the fees and expenses charged by their custodians and imposed by broker-dealers. Such fees may include, but are not limited to, custodial fees, transaction costs, fees for duplicate statements and transaction confirmations, brokerage commissions, mutual fund expenses and fees for electronic data feeds and reports. See the [Brokerage Practices](#) section for more information.

Wrap Fee Programs

Wrap program fees charged by the wrap program sponsor may vary. Wrap program fees include such expenses as: brokerage commissions, portfolio monitoring, consulting, custodial and may also include investment advisory services. See the [Wrap Fee Programs](#) sub-section of the *Advisory Business* section for more information.

Bundled

When the investment advisory services of MAP are bundled into the wrap program fee, the client pays the wrap program fee to the wrap sponsor, a portion of which the wrap sponsor pays to MAP for investment advisory services. In such cases, MAP has no authority to deduct advisory fees directly from client accounts. Wrap program fees are generally paid in advance and calculated at a rate and method determined by the wrap program sponsor. If a wrap account terminates, it is the responsibility of the wrap program sponsor to return the unearned fee to the client. MAP would then reimburse that amount to the sponsor or the amount would be deducted from the next advisory fee received by MAP. MAP cannot negotiate account fees in these bundled wrap accounts.

Unbundled

When the investment advisory services are not bundled into the wrap program fee, the wrap client will pay MAP a quarterly fee for the investment advisory services as described in the [Fee Calculation & Billing](#) sub-section of the *Fees and Compensation* section above. MAP participates in at least one program where the wrap program sponsor calculates and collects MAP's investment advisory services fee on MAP's behalf. In that case, if a wrap account terminates, it is the responsibility of the wrap program sponsor to return the unearned fee to the client. MAP would then reimburse that amount to the sponsor or the amount would be deducted from the next advisory management fee received by MAP. MAP can negotiate account fees in these unbundled wrap accounts.

Other Wrap Fee Program Account Fees

If a wrap client is invested in a mutual fund or exchange traded fund (ETF), the wrap client is paying multiple management fees on those investments. One fee goes to the wrap program sponsor, a portion of which goes to MAP (or is collected by MAP under our Investment Management Agreement) and another fee goes to the adviser of the mutual fund or ETF. This may also apply to the cash portion of a client's portfolio that may be invested in a money market fund or other cash equivalent.

MAP may, at our discretion, direct wrap account trade execution away from the wrap program sponsor. These trades may include an embedded commission or mark-up/markdown, negotiated by MAP, to cover the cost of execution and research services. This embedded commission is in addition to the program wrap fees.

Unified Managed Account (UMA) Programs

Actual UMA program fees charged by the UMA program sponsor may vary. UMA program fees are generally paid in advance and calculated at a rate and method determined by the UMA program sponsor. MAP is paid by the UMA program sponsor.

UMA program fees include such expenses as: brokerage commissions, portfolio monitoring, consulting, custodial and investment advisory services.

Other UMA Program Account Fees

If a UMA client is invested in a mutual fund or exchange traded fund (ETF), the UMA client is paying multiple management fees on those investments. One fee goes to UMA program sponsor, a portion of which goes to MAP, and another fee goes to the adviser of the mutual fund or ETF. This may also apply to the cash portion of a client's portfolio that may be invested in a money market fund or other cash equivalent.

Performance-Based Fees

MAP and our supervised persons do not currently offer performance-based fees for any of our investment advisory services.

Types of Clients

Description

MAP provides investment advisory services to individuals, high net worth individuals and to institutions such as banking or thrift institutions, pooled investment vehicles (other than investment companies), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities, educational institutions, state and municipal government entities, Taft-Hartley Act entities, partnerships, other institutional, and wrap fee and UMA programs. Please see the [Types of Advisory Services](#) sub-section of the *Advisory Business* section for more details.

Institutional (& Other Non-Wrap or UMA) Account Minimums

The minimum account size is negotiable for certain distribution channels including, but not limited to, wrap and UMA programs where the relationship may be aggregated. MAP reserves the right to negotiate minimums within these areas. Minimums may not apply to accounts where a lower minimum account size was in effect at the time the account was established.

Mid Cap Value Accounts

- \$2.5 million

Small Cap Value Accounts

- \$2.5 million

Focused Value Accounts

- \$1 million

Select Equity Accounts

- \$2.5 million

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Our methods of analysis concentrate on certain fundamental, valuation and timeliness factors, some of which are qualitative and some which are quantitative. Methods of analysis are designed to uncover stocks that may be undervalued relative to earnings, cash flows, book value, intrinsic value, assets and/or future prospects.

Analysts and managers regularly analyze a company's financial statements, public filings and conference calls as well as attend company meetings and industry conferences. Work on risk management includes reasonable portfolio diversification and flagging underperforming stocks for further analysis and cross checking fundamentals. Some analysts and managers may use technical analysis to help with timing.

Our investment strategies are primarily "long only". Strategies are invested in common stocks except for a small amount of cash & equivalents. None of the strategies employ hedging, derivatives, or leverage to amplify or mitigate risk and return.

Risk of Loss

Although MAP makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the common stocks involves risk of loss that each client should be prepared to bear.

Investing in common stocks involves risks, including political and economic risks. Investing in foreign stocks may involve additional risks, including currency risks and differences in accounting methods.

Some of the methods described above can help to manage the portfolio risk but none of these analyses eliminate risk. Most of the factors used in making our investment decisions involve human judgment with the inherent risk involved.

Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which a strategy invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

The investment return and principal value of a client's account, when redeemed, may be worth more or less than their original cost.

Investment Strategies

Mid Cap Value

The Mid Cap Value strategy seeks to compound capital by exploiting inefficiencies between price and value that are most prevalent among smaller capitalization companies, while reducing risk. For comparison purposes, the Mid Cap Value strategy uses the Russell Midcap Value Index as the primary benchmark. The Russell 1000 Value Index is used as a secondary benchmark since we often have some holdings which have advanced to a level where they are in the Russell 1000 Value Index but no longer in the Russell Midcap Value Index. Our investment universe concentrates on companies in the size range of the Russell Mid Cap Value Index. The strategy will hold 35 to 55 stocks and will provide reasonable diversification across industries and sectors; however, exposures will deviate from the market indexes. Cash is not used to time the market but is a residual of the bottom-up process. 0% to 10% cash should be expected.

This investment strategy invests in medium capitalization companies which tend to have less liquidity and greater price volatility than larger capitalization companies.

Small Cap Value

The Small Cap Value strategy —best characterized as Value Momentum—seeks capital appreciation through stock selectivity, thematic investing, and tactical trading by investing in 40 to 80 stocks with market capitalizations approximating those of the Russell 2000 Value Index at purchase. For comparison purposes, the Small Cap Value strategy performance is measured against Russell 2000 Value Index. This strategy combines bottom-up, fundamental research and timing measures, it invests in sound businesses that are undervalued relative to earnings, cash flows, assets and future prospects. The strategy does not mimic any index but a robust risk management overlay ensures reasonable diversification across sectors.

This investment strategy invests in smaller capitalization companies which tend to have less liquidity and greater price volatility than large capitalization companies.

Focused Value

The Focused Value strategy seeks capital appreciation using bottom-up, fundamental research and a multi-dimensional approach to value. This strategy invests in sound businesses that are undervalued relative to earnings, cash flows, assets and future prospects and pursues investments with strong return potential across the capitalization spectrum. For comparison purposes the Focused Value strategy is measured against the Russell 3000 Value Index. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. The Focused Value strategy is typically more concentrated by number of holdings than the index. The S&P 500 Index is a secondary benchmark for the Focused Value strategy. The S&P 500 Index focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities. The Focused Value strategy may invest across the capitalization spectrum to include small cap and midcap stocks which may not be included in the index. This strategy offers a concentrated portfolio of actively managed stocks.

This investment strategy may concentrate its assets in fewer individual holdings than a more diversified fund or index, making it more exposed to volatility. Additionally, this strategy invests in small and medium capitalization companies which tend to have less liquidity and greater price volatility than larger capitalization companies.

Select Equity

The Select Equity strategy seeks capital appreciation through stock selectivity, thematic investing and tactical trading. For comparison purposes the Select Equity strategy is measured against the Russell 2500 Value Index. This strategy combines bottom-up, fundamental research and timing measures, it invests in sound businesses that are undervalued relative to earnings, cash flows, assets and future prospects. The Select Equity strategy invests in 35 to 75 stocks with market capitalizations approximating those of the Russell 2500 Value Index at purchase. The strategy does not mimic any index but a robust risk management overlay ensures reasonable diversification across sectors.

This investment strategy invests in small and medium capitalization companies which tend to have less liquidity and greater price volatility than larger capitalization companies.

Disciplinary Information

MAP and our management persons have no material legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Affiliations

Michael Pierre is a general partner of Pierre & Company LLC ("P&C"). On December 31, 2003, the assets and staff of P&C merged with MAP. As part of its merger agreement, P&C receives a share of the pre-tax profits of the Focused Value strategy. Since its merger with MAP, P&C no longer conducts business activities. P&C invests in the Focused Value strategy and may also invest in assets not offered to clients of the Focused Value strategy such as cash, money-market funds and fixed-income securities.

MAP sponsored the formation of a joint venture called Harvest Funds Management, LLC ("HFM"). HFM is the General Partner of Harvest Fund I, L.P. and Harvest Fund International, L.P. (the "Harvest Funds"), private investment funds that will provide capital to independent hedge fund firms and establish private equity interests in those firms. MAP has a majority ownership interest in HFM and provides it with administrative support and services. Please see the [Participation or Interest in Client Transactions](#) subsection of the *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* section below for additional details.

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

Code of Ethics

As required pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”), MAP has adopted a Code of Ethics which outlines MAP’s Standards of Conduct for its employees. MAP’s Chief Compliance Officer is primarily responsible for implementing, educating, administering and monitoring the Code of Ethics. A complete copy of the Code of Ethics is available to clients or prospective clients, free of charge, by contacting Margaret L. Leonard at mleonard@moodyaldrich.com.

Below is a summary of the areas covered by MAP’s Code of Ethics.

Standards of Conduct and Compliance with Laws

All employees of MAP :

- Will conduct themselves to the highest level of honesty and integrity;
- Will act with integrity and honesty in dealings with clients;
- Must not take unfair advantage of any client;
- Must avoid conflicts of interest or the appearance of conflicts of interest with clients;
- Will always place the interests of our clients above their own personal interests;
- Will approach all relationships in the highest ethical manner; and,
- Will always act within the letter and the spirit of all applicable state and federal securities laws, rules and regulations as well as MAP’s Compliance Policies & Procedures and Code of Ethics.

CFA Institute Code of Ethics & Standards of Professional Conduct

All employees of MAP are expected to be familiar with and to adhere to the CFA Institute’s Code of Ethics and Standards of Professional Conduct in its entirety. The full document is available on the CFA Institute’s website at: <http://www.cfainstitute.org>.

Employee Personal Securities Transactions

Our policy details the requirement for access persons to receive pre-clearance for personal securities trading (including initial public offerings and private placements) to ensure that there are no conflicts of interest with client accounts and that investment opportunities are offered first to clients before employees may act on them. It additionally details the securities specifically included and specifically exempt from the pre-clearance requirement.

Initial and Annual Holdings Reports and Quarterly Transaction Reports

Our policy details the requirement for access persons to provide an initial holdings report upon employment and annual holdings reports thereafter. MAP also requires its access persons to provide quarterly personal transactions reports.

Contributions to Elected Officials or Labor Unions

Our policy details the requirement for covered associates to provide an initial attestation that their contribution activities regarding elected officials or labor unions are in adherence with the letter and the spirit of all applicable state or federal securities laws, rules and regulations. MAP also requires its covered associates to provide quarterly re-attest adherence with applicable state or federal securities laws, rules and regulations

MAP and its covered associates are prohibited from soliciting or coordinating campaign contributions from others for an elected official who is in a position to influence the selection of MAP as adviser. MAP also prohibits solicitation and coordination of payments to political parties in a state or locality where MAP is seeking business.

MAP and its covered associates are prohibited from paying a third party, such as a solicitor or placement agent, to solicit a government client on behalf of MAP, unless that third party is an SEC-registered investment adviser or broker-dealer subject to similar pay to play restrictions.

MAP and its covered associates are prohibited against circumventing the rule by doing something indirectly that would be prohibited if done directly. Attempts to route prohibited contributions through other parties would result in application of the two year ban on paid advisory services for compensation to the applicable government entities.

Participation or Interest in Client Transactions

Clients of MAP are not solicited to participate in Pierre & Company LLC.

HFM allows qualified clients of MAP the opportunity to invest in the Harvest Funds. HFM is the investment advisor to the Harvest Funds and as Directors of HFM, William Moody and Eli Kent, provide investment advice to the clients of the Harvest Funds. MAP is not an advisor or sub advisor to the Harvest Funds or HFM. HFM will receive compensation from its clients for providing advisory services. MAP will receive compensation through its ownership interest in HFM and is not separately compensated by any MAP clients who may invest in the Harvest Funds. Neither HFM nor the Harvest Funds provide investment advisory services that are competitive to MAP's current strategies. Neither HFM nor the Harvest Funds directly invest in the same securities that MAP strategies are invested in and, accordingly, MAP does not believe that there is any conflict between the advice provided by HFM and the advice provided by MAP. See the [Affiliations](#) sub-section of the *Other Financial Industry Activities and Affiliations* section above for additional details about these affiliations.

Employee Accounts

Employees and MAP partners are allowed to establish accounts that are managed by MAP. Employee accounts are treated with the same fairness as any client account with respect to allocation of investment opportunities. Employee accounts are included in the established trade order rotation and, when possible, included in block trading with other client accounts. For more information on our trade order rotation, please see the [Order Execution of Directed and Non-Directed Blocks](#) sub-section of the *Brokerage Practices* section of this Brochure. Pre-clearance of personal securities trading is not required for a managed employee account. With pre-clearance, employees are allowed to transact in the same securities as our clients. Typically, employees are asked to suspend their trading activity when client accounts are being traded.

Brokerage Practices

Selecting Brokerage Firms

Our primary criterion for the selection of a broker is our experience with that firm/trader and, in particular, our judgment of their integrity. This includes their past ability to execute trades in a timely manner with little, if any, market impact. Often, a firm is selected based on its experience in trading the particular stock or industry (e.g. banks). We also steer clear of brokers who have a history of being error prone or have not been cooperative in correcting errors. Execution services including trade settlement and other administrative tasks that may be associated with trade execution are also factored into broker selection.

Best Execution

Importance of Trading

MAP seeks to obtain best execution for our clients in such a manner that the client's total cost for or income from each transaction is the most favorable under the circumstances. The SEC has stated that the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. In seeking to achieve best execution, MAP considers the full range and quality of a broker's services including commission rate, financial responsibility, execution capabilities, and responsiveness. MAP is committed to achieving best execution with respect to clients' securities transactions. Since each investment professional is involved in the trading process, each professional realizes the expense of trying to buy a stock that does not have adequate liquidity or attempting to execute the trade too quickly for the underlying trading volume. Thus, each portfolio manager and analyst realizes the importance and the limitations of the trading process in generating quality returns for our clients.

Periodic Reviews

The quality of our client account executions is tested by the Chief Compliance Officer or a designee and reviewed by the portfolio managers at least annually. Testing items include:

- Broker quality: including commission rate, financial responsibility, execution capabilities and responsiveness.
- Distribution of portfolio returns: a quarterly review of the distribution of each strategy's gross portfolio returns, including an explanation of any extreme outliers.
 - This review includes a closer examination of employee account returns. See the [Participation or Interest in Client Transactions](#) sub-section of the *Code of Ethics*, *Participation or Interest in Client Transactions and Personal Trading* section for more information on employee account practices.
- Trade order rotation: this testing is designed to ensure that the trade order rotation is being adhered to and that no one execution block is being unfairly or systematically advantaged or disadvantaged.
- Changes in any stated policy (such as soft dollar arrangements).
- Review portfolio commissions of directed brokerage accounts for reasonableness.

Immediate corrective action will be taken in the event that MAP's brokerage practices are not being followed or are inadequate. Corrective action could include reinforcement of current policy or revision of stated policy.

Soft Dollars

MAP places some orders for client accounts through one firm which analyzes electric utility firms and supplies the research to us. In the event that we purchase or sell a security based on this firm's analysis, we may execute the trade through their broker-dealer with soft dollars credited to the research analyst. Soft dollars are defined as commission paid for research and brokerage services provided by broker-dealers in connection with the execution of client transactions. When MAP uses client brokerage commissions to obtain research or other products or services, MAP receives a benefit because we do not have to produce or pay for the research, products or services. Therefore, MAP may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. To mitigate this conflict of interest, MAP ensures the commission rates are not higher than we use for other transactions and our commitment to achieving best execution with respect to clients' securities transactions is maintained.

Research Services Provided by Brokers

The vast majority of our discretionary commissions are directed to firms that provide us with research services. Unless a broker has exhibited expertise in trading a particular security, we will execute the order at a firm that has provided us with worthwhile research services so long as it does not compromise achieving best execution. Research services include reports that thoroughly examine a company, its industry, competitors and estimates of its future prospects along with periodic updates of those prospects and expectations. All accounts benefit from research services received.

Commissions

For non-directed accounts, we negotiate commissions. MAP may occasionally pay a higher rate than available by other brokers but we believe the value we receive in research and execution services is commensurate with the commissions paid. MAP may, at our discretion, direct trading for wrap or bundled fee accounts for execution away from the program sponsor. These trades may include an embedded commission or mark-up/markdown, negotiated by MAP, to cover the cost of execution and research services.

Order Aggregation

Allocation of Orders

As noted above, MAP seeks to obtain best execution on each portfolio transaction for a client. As part of our effort to obtain best execution, when possible, MAP aggregates trades in an individual security by as many accounts as practicable, except where subject to client trade direction constraints. Each client account participating in a specific block will receive the average price for that execution. In the rare case where a partial block is executed, each participant will buy or sell a proportionate number of shares. Pro-rata allocations will be rounded to the nearest 5 or 10 shares where possible. In the case where a very small number of the shares are executed, the block may be allocated, pro-rata, to the largest clients (by market value) in the block so as to minimize the number of allocations of one or two shares per portfolio. Another possible exception to the allocation policy is the case where a small account in a directed block may have a relatively large commission cost. In this case, we try to allocate all the shares to that account in one transaction.

Exceptions to Pre-Determined Allocation of Orders

In the event that we need to deviate from the pre-established allocation procedure, a written explanation will be provided to the portfolio manager or Chief Compliance Officer for approval. The explanation and approval will be filed with the trade order memoranda or in the order management system.

Order Execution of Directed and Non-Directed Blocks

MAP typically has complete discretion over the selection and amount of securities to be bought or sold without obtaining additional, transaction specific client consent. Our trading software is used to determine the number of shares to be purchased at each directed broker as well as the non-directed block. We treat each of these blocks with fairness as to the order of execution. Trade order rotation is determined by a pre-scheduled trade calendar (pre-determined one month in advance). If block A is the starting point in the rotation for week 1, it will be first in a trade rotation for the entire calendar week. Block B will be the starting point for week 2 and block A will be executed last during week 2.

Executing Difficult Trades

If we are executing a large order (e.g. where the number of shares is larger than the average daily volume), we work strictly with a short list of brokers that we know and trust. We discuss what portion of the block that will be shown and continue the discussion until the trade is completed. A mitigating factor in this process is the fact that a meaningful proportion of our clients' directed trades disperse the trade to several brokerage houses. Most of the time, we are patient with a trade and are not pushing to get it finished quickly.

Directed Trades by Clients

Where a client directs the use of a particular broker-dealer, or broker-dealers, MAP may not be in a position where it can negotiate commission rates or spreads or obtain volume discounts and best net price may not be achieved. In addition, transactions for a client that directs brokerage may not be aggregated with orders for the same securities for other accounts managed by MAP. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for a block order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices, including minimum ticket charges, than might be the case if MAP could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution. Client directed brokerage arrangements must be made in writing.

Trade Error Correction Policy

Where possible, all trade errors will be corrected through an error account and not the client account. If the error negatively affects the client, the client is made whole. If the error positively affects the client, the client retains the benefit. All conflicts and trade errors will be corrected in a timely manner at no cost to the client.

Review of Accounts

Periodic Reviews

Cash, holdings and market values for all client accounts are reconciled to the custodial records by the operations staff at least monthly and reviewed by the operations manager at least quarterly. Client guidelines are reviewed by the portfolio managers and Chief Compliance Officer at least quarterly.

It is the responsibility of the portfolio manager of each strategy to ensure that each client's account adheres to the discipline of the appropriate strategy and to the client's investment guidelines (if provided). The Chief Compliance Officer will distribute to each portfolio manager, on at least a quarterly basis, reports summarizing the following:

- Cash: Ensure that each client's account has a percentage in cash & equivalents that is within 5% of the model or principal composite for that strategy;
- Restrictions: Ensure that each client's restrictions, if any, are honored; and,
- Equity positions/Model drift: Ensure that each addition/deletion from the respective strategies has been bought/sold in each client's account. Ensure that there have not been any securities deposited to client accounts which remain to be sold.

In the event that MAP is found to be in conflict with stated guidelines, immediate corrective action will be taken. Proceeding with corrective action will vary by client according to their stated guidelines. In all cases, if the conflict or any corrective actions negatively affects the client, the client is made whole. If the error or any corrective actions positively affects the client, the client retains the benefit. All conflicts and trade errors will be corrected in a timely manner at no cost to the client. Refer to the [Trade Error Correction Policy](#) sub-section of the *Brokerage Practices* section for additional information.

A review of the events and circumstances leading to the conflict will be immediately reviewed and internal procedures will be adjusted accordingly so that we may ensure that conflicts aren't systematically repeated.

Review Triggers

Factors that may trigger an additional account review may include:

- Finding a misclassified or misidentified security which may have resulted in a violation of the strategies' guidelines;
- Finding a misclassified or misidentified security which may have resulted in a violation of the clients' guidelines; or,
- Finding a guideline violation in an account with similar client guidelines.

Regular Reports

Institutional (Non-Wrap or UMA) Accounts

Clients not participating in wrap programs may receive periodic reports regarding their accounts. Such reports may include a summary of the holdings and transactions in their accounts, and a statistical review of the performance of the account, together with a letter discussing the results for the period just ended. Customized reporting requirements can be accommodated by special arrangement.

Clients are urged to compare the account statements received from their qualified custodian with those received from MAP.

Wrap Fee Accounts

Wrap account clients receive information on holdings, performance, etc., directly from their wrap sponsor or consultant. For these accounts, we provide information to the sponsor or consultant instead of directly to the client. MAP does not provide account level information or letters to wrap account clients unless by special arrangement.

Unified Managed Account (UMA) Programs

UMA account clients receive information on performance, etc., directly from their UMA sponsor or consultant. For these accounts, MAP does not have access to the underlying account information, including client identity and cannot provide account level information.

Client Referrals and Other Compensation

MAP and our related persons do not have any referral arrangements. MAP and our related persons do not make client referrals.

Custody

MAP prohibits any employee from having custody of client funds or securities including:

- Possession of client funds or securities (excluding checks drawn by clients and made payable to third parties) unless received inadvertently and returned to the sender promptly but in any case within three business days of receipt; and,
- Any arrangement (including a general power of attorney) under which the adviser is authorized or permitted to withdraw client funds or securities (including automatic deduction of fees) maintained with a custodian upon the adviser's instruction to the custodian.

Each client must obtain a qualified custodian to open an account for management by MAP. The qualified custodian must send at least quarterly account statements directly to its clients. Clients should carefully review custodian statements. Clients and advisors who receive account statements from MAP are urged to compare the account statements received from their qualified custodian with those received from MAP.

Investment Discretion

As part of our Investment Management Agreement, clients authorize MAP to:

- Direct the qualified custodian of the client account regarding the investment, reinvestment, sale, receipt, delivery or retention of any property in the account;
- Place orders with brokers or dealers or others for the purchase, sale, exchange or liquidation of any property in the client account, and to establish accounts with one or more securities brokers or dealers as MAP may select as shall be consistent with the discretionary authority granted to MAP. MAP shall not be responsible for any acts or omissions by any such brokers or dealers, or any third party not owned by MAP, provided that MAP is not negligent in the selection of such broker or dealers or third parties. MAP is hereby authorized to combine orders on behalf of the client account with orders on behalf of other clients of MAP; and,
- Give such instructions to the custodian from time to time as MAP believes to be necessary for the proper implementation of the foregoing.

Voting Client Securities

Proxy Voting Policy

Pursuant to rule 206(4)-6 under the Advisers Act, MAP has in place written policies and procedures for proxy voting which outlines our philosophy and practices for voting proxies of securities in fully discretionary accounts.

MAP's Investment Management Agreement expressly authorizes us to vote proxies on behalf of our clients unless notified in writing by the client that such services shall be their responsibility. If the client wishes another party to vote proxies, MAP will have no liability or responsibility whatsoever in connection with the voting of such proxies. Those clients will receive their proxies or other solicitations directly from their custodian or transfer agent. For accounts for which we vote proxies, clients may direct our vote for their securities upon request to the contact at the beginning of this document at least 5 business days prior to the voting deadline for the security. MAP reserves the right to refrain from voting a proxy if we believe it is in the client's best interest.

MAP has retained the services of a Proxy Administrator, Broadridge/Proxy Edge, which collects electronic ballots and facilitates the overall proxy voting process. We additionally use the services of Glass Lewis & Co. to provide us with comprehensive proxy research and voting recommendations. Their

advice is not binding but provides a useful tool for complicated proxy matters or when conflicts of interest have been identified.

The proposals on each ballot are reviewed by the Investment Committee or Portfolio Manager as ballots are received. Records of each vote cast are kept by the Proxy Administrator or, where electronic records are not received, manually tracked at MAP.

Conflicts of Interest

It is difficult to predict what conflicts may arise in the proxy voting process due to the numerous scenarios which could arise. For material conflicts of interest that arise within the proxy voting process, MAP will seek the affected client's consent of its voting decision in writing including a disclosure of all material conflicts before voting. When seeking client consent, MAP will provide the client with sufficient information regarding the shareholder vote and the adviser's conflict so that the client can make an informed decision whether or not to consent. If MAP is unable to obtain client consent, MAP will take other steps designed to ensure, and must be able to demonstrate that these steps resulted in, a voting decision that was based on the client's best interest. MAP reserves the right to vote the shares of our other clients with no conflict according to our policy herein.

MAP votes proxies as a convenience to our clients. Due to the nature of our typical investments, it is anticipated that material conflicts of interest will rarely occur.

MAP's Investment Committee, Portfolio Management Team and/or the Chief Compliance Officer are responsible for documenting all issues relating to any particular conflict in accordance with the firms [Books and Records Policy](#).

Poison Pills (Shareholder Rights Plans)

MAP believes that poison pills can reduce management accountability by limiting opportunities for corporate takeovers and are not generally in the shareholders' best interest. We will typically vote against poison pill plans but always consider each issue on its own merits.

Stock Options

The area where MAP most often votes against management is in stock option questions. MAP's position is that these plans should only be used for the CEO (or the office of the president) since these are the only employees responsible for the overall success of the firm. However, the reality is that most companies use a broad-based option plan as an important part of their compensation packages. We urge companies to be responsible in issuing options by voting against most proposals that imply the issuance of more than 1%/year of new shares in the form of options.

Election of Directors

MAP prefers that a majority of the board of directors be independent. An independent director has no significant financial or familial relationship with the company other than serving on the board and being compensated for that service. Accordingly, we may on occasion vote against one or more competent individuals simply because a majority of the board members is not independent. We also prefer to have the CEO and Chairman of the Board positions separated.

Staggered Boards

By design, staggered boards have the effect of limiting control of a representative body by the body being represented. Generally, MAP will support the annual election of directors and will vote against staggered boards which we believe to be less accountable to shareholders.

Majority Vote for the Election of Directors

Today, most companies elect directors by the so called “plurality” vote standard. If a nominee receives as few as one vote, the nominee “wins” the election and assumes a seat on the board. In contrast, the “majority” vote standard must receive a majority of the shares voted in order to take a seat on the board. Under the plurality standard, if a shareholder does not want to vote for a nominee for director, one can withhold votes for that person. However, if one shareholder votes for the director in question, the nominee wins. Using the majority standard, this somewhat absurd situation cannot occur. Clearly, shareholders have more influence on board elections with the majority standard and MAP will vote in favor of majority vote standard when presented with the opportunity.

Advisory Vote on Executive Compensation (Say-on-Pay)

In cases where MAP finds deficiencies in a company’s compensation program’s design, implementation or management, we will vote against the Say-on-Pay proposal. Generally such instances include evidence of a pattern of poor pay-for-performance practices, unclear or questionable disclosure regarding the overall compensation structure, limited rationale for bonus performance targets or any other compensation scheme which are judged unfair to shareholders.

Frequency of Say-on-Pay

Perhaps for the first time, shareholders are seeing a multiple choice question on proxy statements. The Dodd-Frank Act requires companies to allow shareholders a non-binding vote on the frequency of Say-on-Pay votes, i.e. every one, two or three years. Further, Dodd-Frank requires companies to hold such votes on the frequency of Say-on-Pay votes at least once every six years. Barring some extraordinary circumstance, MAP prefers the annual submission of Say-on-Pay to shareholders. Management policies and management itself can change significantly in 2 or 3 years.

162(m) Plans

Section 162(m) of the Internal Revenue Code allows companies to deduct compensation in excess of \$1 million for the CEO and the next three most highly compensated executive officers, excluding the CFO, upon shareholder approval of the excess compensation. MAP typically votes to allow the company the ability to take these tax deductions unless the size of the compensation package is totally unreasonable.

Auditor Ratification

The auditor’s role is crucial in ensuring the integrity and transparency of the financial information necessary for protecting shareholder value. Shareholders rely on the auditor to perform a thorough analysis of a company’s books to ensure that the information provided to the marketplace is complete, accurate, fair, and that it is a reasonable basis for establishing a valuation of a company’s financial position. MAP generally supports management’s choice of auditor except when we believe the auditor’s independence or audit integrity has been compromised. Additional situations may arise where the choice of auditor may not be supported by MAP.

Disclosure of Proxy Voting

We are able to provide a quarterly report to clients (at their request) that summarizes the proxies received and voted on their behalf. This report includes a brief description of each item and how it was voted. Further, the report indicates items where we voted against management.

Additional information about our Proxy Voting Policy is available, free of charge, upon request to the contact at the beginning of this document.

Financial Information

MAP has never been the subject of a bankruptcy petition and we are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

Privacy Notice

Protecting the Privacy of Client Records and Information

Moody Aldrich Partners, LLC (MAP) is committed to upholding the interests of our clients. For this reason, we keep your personal information as confidential as possible for your general welfare. MAP will not disclose personal information to anyone unless it is:

- required by law
- at your direction
- necessary for providing you with our best service

We have not and will not sell your personal information to anyone for any reason.

Information We Will Collect

In order to properly manage your account, MAP collects and maintains the following types of information concerning you:

- information we receive from you or your financial advisor upon opening your account
- information we generate to service your account (such as trade tickets and account statements)
- information we receive from third parties with respect to your account (such as trade confirmations from brokerage firms)

Who Receives Information and Why

In order to properly manage your account, MAP may also disclose the personal information collected above to the following:

- the Securities and Exchange Commission (all of our records are subject to review during SEC examinations)
- brokers (for trading purposes)
- our auditor (in checking billings & receivables, etc.)
- consultants upon your direction

How We Protect Your Information

MAP maintains certain safeguards to ensure that your personal information is protected now as well as in all future matters, including closed accounts. These safeguards include enforcing policies that physically and electronically keep your information safe, and allowing only those employees needing your personal information for their job completion to have access to it with the understanding that it is to be regarded in strictest confidence.

Where to Find Out More

We are pleased to inform you of the policies we maintain to ensure that your personal information is kept secure. Should you have any questions or comments concerning our privacy practices please call (781) 639-2750 or write to:

Margaret L. Leonard
Chief Compliance Officer
Moody Aldrich Partners, LLC
18 Sewall Street
Marblehead, MA 01945

A copy of this privacy statement is provided to each client upon entering into an advisory agreement with MAP and will be provided to each client annually thereafter.