



STRATIGRAPHIC ASSET MANAGEMENT, INC.

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Stratigraphic Asset Management, Inc. Brochure

This brochure was prepared by Stratigraphic Asset Management, Inc. for its clients and provides information about the firm's qualifications and business practices. If you have any questions about the contents, please contact us at 305 447-0300. 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 Stratigraphic Asset Management, Inc. also is available on the company's website at www.stratigraphic.com and on the SEC's website at www.adviserinfo.sec.gov.

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Material Changes

The Stratigraphic brochure, originally dated and filed with the SEC on March 21, 2011 was amended on July 8, 2011 and August 11, 2011 to reflect the resignation of Leo M. Bernstein as an officer of the firm. Also now included are additional topic headings omitted in the original filing. None of these involve any material disclosures that were not contained in the March 21, 2011 brochure. Data relating to the amount of capital under management in the Advisory Business section was updated through December 31, 2011.

Advisory Business

Stratigraphic Asset Management, Inc. offers an independent, flexible, and comprehensive approach to help clients manage their liquid assets and generate an attractive risk-adjusted return. Stratigraphic's principals invest their own money alongside their clients and always put the interests of their clients first.

Stratigraphic has been engaged in the investment advisory business since April, 1993. The firm is private and wholly owned by Jayusia P. Bernstein and Alan S. Bernstein.

Stratigraphic's business is providing investment supervisory services through the management of client portfolios. Such portfolios are always held at a major financial institution that serves as custodian. Stratigraphic manages substantially all of its client portfolios on a discretionary basis. At December 31, 2011, the firm had one non-discretionary account under management with total assets valued at \$25.4 million and 71 discretionary accounts valued at around \$73.3 million.

Managed accounts consist of almost exclusively of U.S. and foreign common stocks, corporate debt securities, commercial paper, certificates of deposit, municipal securities, exchange traded fund shares. For certain clients, Stratigraphic has utilized covered options writing as a supplemental investment strategy.

We do structure portfolios and tailor asset class weightings to take into account risk preferences, account cash withdrawal requirements, age, and other related personal factors that have a bearing on the management of the account.

Stratigraphic and its principals do not have any relationship with any entity in the financial services industry, lawyers, accountants or any other group that could potentially give rise to a conflict of interest between Stratigraphic and its clients. Alan Bernstein and Jayusia Bernstein are not engaged in any other business outside of Stratigraphic.

Stratigraphic's Principals

Alan S. Bernstein • Mr. Bernstein was engaged in the domestic petroleum industry until 1993 through a company he founded. From 1968 to 1972, Mr. Bernstein was a senior energy analyst with Loeb, Rhoades & Co. in New York. Mr. Bernstein is a trustee emeritus of Amherst College, where he was a member of the budget and finance committee that advised the administration on all aspects of the financial affairs of the institution. He served on the Visiting Committee on Romance Languages at Harvard University, the Head of School Advisory Board of Sidwell Friends School, Washington, D.C., and the Board of Trustees of Ransom Everglades School in

Miami. He is a trustee of the Georges Lurcy Charitable and Education Trust, a New York-based foundation; a trustee and treasurer of the Musical Arts Association of Miami, which supports the annual Miami residency of The Cleveland Orchestra; and a director of the Miami Music Project, which brings classical music to South Florida public schools, provides mentoring to young musicians, and manages youth orchestras along the lines of the Venezuelan “Sistema.” Mr. Bernstein holds a BA degree cum laude from Amherst College and an MBA degree from Harvard Business School.

Jayusia P. Bernstein • Between 1978 and 1993, Ms. Bernstein managed closely held investments and a family-controlled independent oil exploration and production company. From 1975 to 1978, she was vice president of Webster Management, the investment adviser subsidiary of Kidder, Peabody & Company in New York. Ms. Bernstein has served on the investment committees managing the endowments of two leading nonprofit institutions in Miami, Florida. Ms. Bernstein graduated Phi Beta Kappa from New York University and received an MBA degree in investment finance from New York University Stern School of Business in 1974.

Fees and Compensation

Billing Period

Fees are paid by Client on a semi-annual basis.

Account Valuations

Accounts are valued based on average monthly market value during the billing period, including unrealized gains and losses, dividends receivable and accrued interest.

Fees

All Equity & Balanced Accounts

Less than or equal to \$2.5 million	1.25% Per Annum
Over \$2.5 million	1.00% Per Annum
Conservative Accounts	0.85% Per Annum
Minimum Fee	\$10,000 Per Annum

Where special circumstances warrant, the foregoing conditions may be negotiable. Clients provide authorization to have the fees deducted from their accounts.

Other expenses that are assessed against the managed accounts such as trading commissions are charged at cost. Stratigraphic does not charge any fees other than its advisory fees and does not have any interest in charges that may be assessed by the custodian or funds such as ETFs held by the clients. We are fee only advisors meaning we accept no compensation related to any security or any “product” purchased by a client through Stratigraphic.

Stratigraphic clients can cancel investment advisory services at any time by written notice. Fees are calculated on a pro rata basis through the date that notice is given. Any refunds of fees due to the clients will be promptly refunded.

Stratigraphic does not manage accounts that are charged performance based fees.

Performance-Based Fees

Stratigraphic does not charge performance-based fees.

Types of Clients

Our clients are principally high net worth individuals who require portfolio management services for their individual investments, retirement accounts, trusts, foundations, corporations and other related entities.

Our minimum portfolio is \$1 million, although we make exceptions such as for family members of larger clients.

Methods of Analysis, Investment Strategies, and Risk of Loss

Four principles govern the investment process at Stratigraphic:

- We attempt to structure portfolios among different asset classes to reflect the risk tolerances of clients, taking into account that the risks associated with common stocks generally, but not always, are higher than the risks associated with fixed income securities. We review asset allocations on a regular basis with our clients.
- We also seek to mitigate risk by broadly diversifying the portfolios we manage.
- We attempt to reduce risk and enhance the potential returns of our investments by taking a rigorous fundamental analytical approach that is more fully described on the next two pages.
- As a rule, we do not use leverage to enhance portfolio returns.

Investment Process			
Asset Allocation			
Compose Macroeconomic View	Determine Asset Class Exposure	Identify Tactical Opportunities	Optimize Structure
What currently drives the global markets?	Which asset classes offer the best risk-adjusted rates of return given our market view?	What short duration opportunities exist?	Sizing the investment
• Federal Reserve policy (monetary trends)	Where are we in the credit cycle?	Is this appropriate for the client?	What are the expected net returns (i.e. after-tax, after fees)?
• Fiscal policy trends	Do we want to trade market exposure for interest rate risk?	What is the expected risk/return?	Should we sacrifice liquidity?
• Interest rates	What will protect portfolios from deflation or inflation?	Is the risk/return better elsewhere?	
• International capital flows	What will protect us against a weakening dollar or how can we profit from a strengthening currency?	Why does the opportunity exist?	
• Political trends			
• Demographic trends			
• Secular trends			
• Global economic growth			
• Commodity pricing			
• Inflation			
• Currencies			
What are the markets discounting?			
• Economic cycle			
• Yield curve and risk spreads			
• Inflation expectations			
Is the consensus correct?			

Investment Process

Asset Allocation

Idea Generation – how we find potential ideas for inclusion in the portfolios

- Extensive reading – periodicals, sell-side research, Internet.
- Attending company and sell-side sponsored events such as analyst days/investment conferences.
- Investment screening tools on the Bloomberg terminal.

Idea Diligence – conducting a detailed financial and fundamental company analysis

- Read all recent SEC filings and quarterly financial reports.
- Understand how the executive team is compensated. Are they truly shareholder fiduciaries?
- Review all available research (Internet, investment et al).

- Analyze the company's competitive market and financial position.
- Translate our analysis into future earnings and cash flow expectations.

Investment Decision – how a decision is made

- Compose a comprehensive investment memo that details our analysis and recommendation.
- Each idea is debated among the three partners – a majority vote determines inclusion.
- Sizing of the initial position is determined by our shared conviction levels and current portfolio exposures.

Managing the Positions – how we reevaluate the portfolio

- We review the portfolio on a frequent basis.
- Positions and their relative weights and expected returns are continuously reexamined.

Disciplinary Action

Neither Stratigraphic nor its officers and directors have ever been involved in any disciplinary action in the securities or investment advisory business.

Other Financial Industry Activities and Affiliations

No officer or director of Stratigraphic is involved with any other entity in the financial industry.

Code of Ethics

Stratigraphic Core Values

- *We are fiduciaries.*

We are a small independent firm whose principals have their entire liquid net worth invested alongside our clients. We always put our clients' interests before our own.

- *We are client centered.*

Our entire approach is focused on delivering the best financial advice to our clients, tailored to understanding and listening to our clients' unique needs and goals and proposing the appropriate solution.

- *We are performance oriented.*

We assess ourselves on our performance and helping our clients attain their goals.

- *We are professional.*

Every interaction or communication with us reflects the highest ethical and professional standards.

We strive for excellence in everything we do.

Other Important Principles That Govern Our Conduct

We expect every employee of Stratigraphic to meet a high standard of ethical conduct and to adhere rigorously to federal and state securities laws.

We value and protect the privacy of our clients in accordance to a Privacy Statement that is provided to clients at least once each year.

We will never recommend or purchase a security of a corporation in client portfolios in which we have or related family member has a material interest nor will we recommend or purchase a security that we would not purchase for our own accounts, subject to investment objectives, risk preferences, and similar considerations. Transactions for Stratigraphic and related persons will be at the same prices and subject to the same commissions. When securities for more than one account are purchased or sold, the securities or the net proceeds are allocated on a pari passu basis. If the same securities are purchased or sold in multiple transactions, then the accounts of Stratigraphic and related persons are allocated securities or the net proceeds from the last transaction.

No Stratigraphic principal will have a brokerage account except with a designated custodian of Stratigraphic. All security transactions by Stratigraphic principals are reviewed to ensure that there is full compliance with our Code of Ethics.

Brokerage Practices

Generally common stocks and bonds have been purchased by Stratigraphic through the account custodians. [See "Custody" section below.] In the case of stocks, the commissions are pre-negotiated and conform to industry rates offered investment advisers. In the case of bonds, which are purchased net of commission, we test the bids and offers in the market using Bloomberg and third party sources, and in instances where a more favorable execution can be obtained, we may purchase or sell bonds away from the custodian. Under these circumstances, delivery is made against payment.

In the past, there have been instances when we have paid brokers a higher commission for additional services, generally capital markets research and corporate research that benefit all clients. Such higher commissions amounting to a few cents per share have never been meaningful to the investment returns. We make a good faith effort to make certain that higher commissions (if any) are distributed fairly among all accounts under management, however, as a practical matter this may not always be the case. In the past year, we had no such arrangements.

Stratigraphic has never executed purchases and sales of securities through brokerage firms in return for referrals. Nor have clients asked us to direct transactions to specific brokerage firms.

Review of Accounts

The senior staff of Stratigraphic reviews the accounts at least monthly and more frequently depending upon the condition of capital markets, changes in asset allocations being made, bond and stock purchases and sales, among other factors.

We review the accounts with clients at least semi-annually through personal meetings or conference calls. Semi-annually we send to the clients an appraisal of the holdings in the accounts as well as a computation of the return on the portfolio computed on an internal rate of return basis for the reporting period.

Client Referrals and Other Compensation

Stratigraphic has never paid a third party for client referrals.

Custody

All of Stratigraphic accounts are held by independent, recognized major financial institutions that act as custodians. It is possible that a client may request that his account be held at a specific custodian.

Custodians report directly to the clients in regard to any transaction that affects the account such as deposits and withdrawals, dividend and interest payments received, and purchases and sales transactions. In addition, the custodians report monthly to the client providing an appraisal of the account and a summary of all activity affecting the account during the month. Finally the custodians provide year end tax information to account holders necessary for filing U.S. income tax returns.

Certain account holders may prefer to receive confirmations and statements relating to their account electronically. Alternative arrangements can be made to have such reports issued via e-mail. All Stratigraphic clients have the option to review their accounts on-line through special arrangements made with the custodian.

Investment Discretion

In all but one account, Stratigraphic has the authority to determine, without obtaining specific client consent, the securities to be bought and sold, the amount of the securities to be bought and sold, the broker or dealer to be used, and the commission rates to be paid. Such authority is conveyed by the client to Stratigraphic through a limited power of attorney contained in the investment advisory agreement that is executed when the account is established.

Voting Client Securities

Stratigraphic never votes client securities.

Financial Information

Stratigraphic is an S corporation organized under the state of New York in 1983. Our financial condition is sound. Our resources are more than adequate to fund our current operations. Our financial statements are available upon request.

Requirements for State-Registered Advisers

Stratigraphic is only registered with the Securities and Exchange Commission and is not a state-registered adviser.