

Matrix Asset Advisors, Inc.

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This brochure provides information about the qualification and business practices of Matrix Asset Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 486-2004, or by email at matrix@matrixassetadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Matrix Asset Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2012

Material Changes

Annual Update

Matrix Asset Advisors, Inc. is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses material changes since the last annual update which occurred on March 31, 2011.

Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement").

This Brochure, dated March 30, 2012, contains essentially the same information in the same format as the Form ADV Part 2A Firm Brochure and Part 2B Brochure Supplement most recently filed on March 31, 2011. Following is a summary of the material changes since the last update which this updated Brochure reflects:

1. We have updated all sections to reflect information covering the 2011 calendar year and 2012 current year.
2. We have updated the ownership percentages for three of our Principal Owners.
3. We have added information on a new strategy offering during 2011, the Matrix Dividend Income Growth (MDIG) strategy.
4. We have updated the management fee schedule for the MDI strategy including asset level fee breakpoints as well as included the MDIG strategy in the fee schedule.
5. We have removed information on the Global Equity Core Plus strategy due to a lack of demand for this global product and our continued main focus on US Equity strategies.

Full Brochure Availability

The Firm Brochure for Matrix Asset Advisors, Inc. is available by contacting Laurie S. Gaeta, Chief Compliance Officer, by telephone at (212) 486-2004, or by email at lgaeta@matrixassetadvisors.com.

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Advisory Business

Firm Description

Matrix Asset Advisors, Inc. is an SEC-registered independent investment advisory firm managing assets on behalf of institutions and individuals in equity and fixed income strategies. Matrix dates its origins to 1986 when the company was co-founded by David A. Katz, CFA and the late John M. Gates forming Value Matrix Management. In 1990 Mr. Katz merged The Value Matrix Management organization into Matrix Asset Advisors Inc.

Principal Owners

Matrix Asset Advisors, Inc. is 100% employee-owned by eight firm partners. The ownership structure as of 12/31/11 is as follows:

<u>Name</u>	<u>Title</u>	<u>% Ownership</u>
David A. Katz, CFA	President & Chief Investment Officer	52.15%
Douglas S. Altabef	Sr. Managing Director	23.50%
Lon F. Birnholz	Sr. Managing Director & Chief Financial Officer	8.16%
Steven G. Roukis, CFA	Managing Director & Sr. Portfolio Manager	6.14%
Jordan F. Posner	Managing Director & Sr. Portfolio Manager	5.75%
Steven Pisarkiewicz	Sr. Managing Director & Sr. Portfolio Manager	4.10%
Stephan J. Weinberger, CFA	Managing Director & Sr. Portfolio Manager	0.10%
Laurie S. Gaeta	Managing Director, Director of Operations & Chief Compliance Officer	0.10%

Types of Advisory Services

Matrix Asset Advisors, Inc. provides investment advisory services for individuals and institutional funds, including corporate pension plans which are subject to ERISA requirements. Matrix manages client assets according to the Firm's philosophy while respecting a client's individual needs. Matrix offers a Large Capitalization Value Equity Strategy along with a high-quality taxable and/or tax-exempt Fixed Income Strategy for clients desiring fixed income as a component of their overall asset allocation. In September 2010, Matrix began offering the Matrix Dividend Income (MDI) strategy which invests in high quality equities with dividend rates that are higher than those purchased in our typical equity portfolios to provide clients with a higher yielding investment option. In December 2011, Matrix began

offering the Matrix Dividend Income Growth (MDIG) strategy which invests in high quality equities with dividend rates that are higher than those purchased in our typical equity portfolios (the MDI strategy) and may have attractive growth characteristics as well.

The investment philosophy is to add value through security selection and risk control. The security selection system is based upon a disciplined and consistent application of quantitative and fundamental analysis techniques. Portfolios are invested using a methodology designed to manage risk consistent with each individual clients' requirements.

Tailored Relationships

Based upon an individual client's needs, accounts may consist of an equity strategy or strategies, a fixed income strategy, or a combination of equity and fixed income strategies at a client's desired asset allocation.

Wrap Fee Programs

Certain individuals and entities become clients of Matrix Asset Advisors (the "Adviser") through their participation in programs (each, a "Wrap Program") sponsored by multi-service financial institutions unaffiliated with the adviser (each, a "Wrap Sponsor"). The Wrap Program Client, with the advice of the Wrap Sponsor, chooses to receive the investment advisory services of the Adviser, and also receives certain other services provided by the Wrap Sponsor and/or entities affiliated with the Wrap Sponsor (such as trading execution, custodial services and, in some cases, advisory services), for a single fee (the "Wrap Fee"). The Wrap Program Client pays the Wrap Sponsor a Wrap Fee based upon the client's assets under the Wrap Sponsor's management, and the Wrap Sponsor pays the Adviser a portion of such Wrap Fee for advisory services rendered by the Adviser to the Client. In connection with Wrap Programs, the Adviser considers itself to be a sub-Adviser to the Wrap Sponsor or affiliate of the Wrap Sponsor registered as an investment adviser under the Investment Advisers Act of 1940. Although the types of services provided by the Adviser to its Wrap Program Clients are generally the same as the types of services provided by the Adviser to its regular clients, certain differences do exist, including that (a) pursuant to the Wrap Program arrangements, the Adviser is not generally permitted to communicate directly with its Wrap Program Clients (including communications with respect to changes in the Wrap Program Client's investment objectives or restrictions), and all such communications must be directed through the Wrap Sponsor, and (b) the Adviser does not provide overall investment supervisory services to its Wrap Program Clients.

The fees received by the Adviser from each Wrap Sponsor are generally equal to either (a) a percentage of the total assets in the Wrap Sponsor's Wrap Program accounts for which the Adviser provides advisory services or (b) a percentage of the Wrap Fees actually collected by the Wrap Sponsor from Wrap Program Clients to whom the Adviser provides advisory services. Each Wrap Sponsor generally pays the Adviser on a quarterly basis, either in arrears or in advance, as provided in the contract between the Adviser and the Wrap Sponsor (each such contract, a "Master Contract"). The Adviser is not generally informed of the specific fee arrangement negotiated between each Wrap Program Client and the Wrap Sponsor. Certain Wrap Sponsors charge a minimum annual Wrap Fee to each of their Wrap Program Clients. Generally, the portion of the Wrap Fee received by the Adviser may be negotiated between the Adviser

and any Wrap Program Client. With respect to each Wrap Program in which the Adviser participates, the standard fees received by the Adviser from each wrap Sponsor may vary depending on the investment style selected and other factors.

Services similar or comparable to those provided to a Wrap Program Client may be available to the client at a higher or lower aggregate cost elsewhere on an unbundled basis. In addition, while the Adviser's compensation pursuant to a Wrap Program may be the same as or lower than the Adviser's standard fee schedule, the overall cost to a Wrap Program Client may be higher than the client might otherwise experience by paying the Adviser's standard fee and negotiating transaction charges with a broker-dealer payable on a per-transaction basis, depending on the extent to which securities transactions are initiated by the Adviser for the client during the period covered by the Wrap Program.

It should be recognized that the advisory and other services provided to a Wrap Program Client might not be available to the client other than through a Wrap Program. The Adviser has no ongoing responsibility to assess for a Wrap Program Client the value of services provided by the Wrap Sponsor.

The Adviser typically will execute transactions for Wrap Program Clients through the Wrap Sponsor, which could result in the Wrap Program Client's receipt of terms for particular trades less favorable in some respects than the Adviser's clients whose trades are not executed through the Wrap Sponsor.

A Wrap Program Client may terminate its use of the adviser's services upon written notice to the Adviser or the Wrap Sponsor as provided in the contract between the Wrap Sponsor and the Wrap Program Client (each such contract, a "Client Contract"). In addition, the Adviser may cease to provide services to a Wrap Program Client as set forth in the Client Contract and/or the Master Contract. Finally, either the Adviser or a Wrap Sponsor may terminate their Master Contract as provided in that document, in which case the Adviser will cease to provide advisory services to all Wrap Program Clients of the Wrap Sponsor as provided in the Master Contract. If a Wrap Program Client's account with the Adviser is terminated at any time during a fee period, the Adviser will return to the Wrap Sponsor any prepaid but unearned advisory fees received by the Adviser for refund to the Wrap Program Client.

"Unbundled" Wrap Fee Relationships may exist where broker-dealers have primary contact with the Wrap Program Clients, and where the Adviser enters into an agreement directly with the Clients to provide portfolio management. It is assumed that both the Wrap Sponsor and the Wrap Program Client have determined the suitability of the investment approach.

Client Assets

As of 12/31/2011, Matrix Asset Advisors, Inc.'s total Assets Under Management were \$874 million representing approximately 500 client relationships and 1,166 accounts.

Fees and Compensation

Description

Matrix offers clients professional investment management of their portfolios for a standard fee or an incentive fee (where allowable), as follows:

1. Standard Equity Accounts (Large Capitalization Value Strategy):

- .90% on the first \$5,000,000 of assets under management
- .80% on the next \$5,000,000 of assets under management
- .75% on the next \$15,000,000 of assets under management
- .65% on the next \$25,000,000 of assets under management
- .55% on the next \$50,000,000 of assets under management
- .45% on assets under management in excess of \$100,000,000

Accounts under \$1,000,000 assume a fee of 1%

Please note no Management Fee is charged by Matrix on client's assets invested in the Matrix Advisors Value Fund other than the fee charged by the Fund itself.

2. Standard Equity Accounts (Matrix Dividend Income (MDI) and Matrix Dividend Income Growth (MDIG) Strategies):

- .65% on the first \$5,000,000 of assets under management
- .55% on the next \$5,000,000 of assets under management
- .50% on the next \$15,000,000 of assets under management
- .45% on the next \$25,000,000 of assets under management
- .35% on the next \$50,000,000 of assets under management
- .30% on assets under management in excess of \$100,000,000

3. Standard Fixed-Income Accounts:

- .60% on the first \$500,000 of assets under management
- .50% on the next \$2,500,000 of assets under management
- .40% on assets under management in excess of \$3,000,000

4. Balanced Accounts:

Management fees for accounts that hold both equity and fixed income securities are determined in accordance with the account's asset allocation with each component charged per the Standard Equity and Standard Fixed-Income Account fee schedules above.

Fees are negotiable under certain circumstances.

Fee Billing

One quarter of the standard fee, or if an incentive fee arrangement is chosen by the client, one-quarter of the basic fee portion of the incentive fee shall be payable at the beginning of each quarter, based on the market value of the assets under management at the end of the preceding quarter. The balance of the incentive fee (if applicable) is based on the market value at the start of the period under consideration and shall be payable at the end of each year as soon as it has been determined.

Matrix may enter into an arrangement with the client whereby: 1) the client provides a written authorization permitting Matrix's fees to be paid directly from the client's account held by an independent custodian or trustee; 2) Matrix simultaneously sends the client and the custodian or trustee a bill showing the amount of the fee, the value of the client's assets on which the fee was based and the specific manner in which Matrix's fee was calculated; and 3) the custodian or trustee agrees to send the client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amount of advisory fees paid directly to Matrix. A client may terminate his investment advisory contract by giving Matrix written notice, and he will receive a refund of any unused pro rata portion of any quarterly fee paid.

Clients who have a portion of their assets in mutual funds other than the Matrix Advisors Value Fund and who pay Matrix a management fee on the oversight of this portion of their money are in effect paying two management fees. The first is levied directly by Matrix for the oversight of the money and the second charged by the mutual fund(s) for the management of the fund's assets.

All fees paid to Matrix for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Matrix. In that case, the client would not receive the services provided by Matrix which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Matrix to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Matrix's management fee is calculated based on total assets under management at the end of each quarter. This fee shall be payable at the beginning of each quarter, based on the market value of the assets under management at the end of the preceding quarter. These assets under management include all invested assets including stocks, bonds, mutual funds (except for the Matrix Advisors Value Fund which is not charged, i.e. assets in the Matrix Advisors Value Fund are not charged a management fee other than the fee imposed by the fund directly), other assets and

cash balances. In those cases where cash balances are swept in money market mutual funds, the client is in effect paying two management fees. The first fee is charged by Matrix for the oversight of the money and the second by the manager of the money market fund for the investment of the money market's assets.

The management fees may be modified for unusual circumstances where special needs must be served or to achieve a fee structure mutually agreeable to the client and Matrix. Matrix's fees may be changed from time to time by Matrix upon 60 days written notice to clients.

Other Fees

Matrix Asset Advisors, Inc. receives fees for investment advice given in the form of a model portfolio to various wrap sponsors who offer Matrix's Large Capitalization Value Equity strategy to their clients.

Fees Paid in Advance

Matrix Asset Advisors, Inc. charges management fees on a quarterly basis in advance for the following quarter. Any portion of a pre-paid management fee not utilized is refunded to the client in a timely manner. When a client provides notice of termination of their investment management agreement and requests the liquidation of securities, Matrix will whenever possible, with market conditions permitting, attempt to effect such liquidation by the close of the next business day.

Additional Compensation

Matrix Asset Advisors, Inc., as investment advisor to the Matrix Advisors Value Fund, receives advisory fees for the management of the Fund's investments. Any client assets invested in the Matrix Advisors Value Fund are subject to this advisory fee and are not charged an additional management fee by Matrix Asset Advisors, Inc.

Performance-Based Fees & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

Matrix may offer clients the option of paying a performance-based fee when such a fee is in accordance with Rule 205-3 of the Investment Advisers Act of 1940 and/or any applicable state regulations. Performance related fees are offered for equity only tax exempt accounts where they are allowed by law (performance fees are not offered to clients residing in California). Matrix does offer a performance-based fee arrangement where the annual fee for the account is an administrative fee of 0.50% of assets under management plus an incremental performance related fee tied to the Standard & Poor's 500 Index. The administrative fee will be billed quarterly, in advance, with the performance-based portion of the fee due at the end of each calendar year as soon as it has been determined.

For each 100 basis point increase over the Index, Matrix charges an additional 11 basis points at the end of the calendar year, up to but not exceeding a 215 basis point total performance fee, inclusive of the 0.5% administrative fee. Should Matrix outperform the S&P Index by more than 1500 basis points, or under perform the Index, the amount of over-performance (in excess of 1500 basis points) or under-performance is to be banked and used to offset performance calculations in ensuing years.

Clients that have been invested for a period of at least one full year who elect to terminate their contracts will be charged a performance fee based on the performance of the account for the measuring period going back from the termination date to the date on which the performance-based fee was last assessed.

In measuring the client's assets for the calculation of performance-based fees, Matrix shall include: securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period. Matrix shall also include interest and dividends earned. The performance-based fee may create an incentive for Matrix to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Matrix may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account (if applicable).

The client must understand the proposed method of compensation and its risks prior to entering into the contract.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

Types of Clients

Description

Matrix Asset Advisors, Inc. manages taxable and tax-exempt accounts for institutions, high net worth individuals, endowments and foundations, Taft Hartley plans and corporations as well wrap program clients. Matrix is also the investment advisor to the Matrix Advisors Value Fund and sub-advises other mutual funds and commingled funds.

Matrix also serves as investment advisor to the Matrix Aggressive Value Partners, L.P. (the "Partnership"), a private investment partnership, interests in which are offered pursuant to a private placement memorandum pursuant to Regulation D under the Securities Act of 1933, as amended.

Matrix, as investment advisor and management company to the Partnership, is entitled to a management fee equal to one percent (1%) per annum of the opening capital account balance of the Partnership's limited partners. Such fee is payable at the beginning of each fiscal quarter in the amount of one quarter of one percent (.25%). The fee will be appropriately pro rated in the case of limited partners admitted to the Partnership after the beginning of a quarter.

Additionally, Matrix Management Holdings, LLC, as general partner (the "General Partner") of the Partnership, is entitled to a 20% incentive allocation ("Incentive Allocation") of Partnership profit for each year once two criteria are met. Each partner's loss carry-forward must be satisfied, and once satisfied, the limited partner is entitled to the first profits until the limited partner receives (on a non-cumulative basis) a six percent (6%) return based on its capital account balance in the Partnership. Thereafter, the General Partner is entitled to 20% of any remaining profit and the limited partner is entitled to 80% of such profit. The Incentive Allocation is determined separately for each Limited Partner and is payable only in the case of Limited Partners who are qualified clients under SEC Rule 205-3. Profits include all income plus realized and unrealized gains, less realized and unrealized losses, net of expenses.

If in any year the Partnership does not generate profit sufficient to restore any loss carry-forward and to satisfy the 6% preferred return to the limited partners ("Hurdle"), the General Partner will not be entitled to any Incentive Allocation. However, the Hurdle will not be applicable in any year in which the S&P 500 Index posts a negative return. Additionally, the Hurdle is not cumulative and will apply anew each Fiscal Year.

Matrix further provides investment advice in the form of a model portfolio to various wrap programs that offer a Matrix equity strategy to their clients. Fees for investment advice are paid to Matrix Asset Advisors, Inc. by the wrap program sponsor.

Account Minimums

Matrix intends to provide investment management services to accounts with a minimum of \$500,000 for standard fee accounts and balanced fee accounts with the exception of accounts in the MDI and MDIG strategies which have a minimum of \$100,000. For incentive fee accounts, the minimum is \$2,500,000 and is subject to legal restrictions imposed on setting up such accounts.

Accounts obtained through wrap programs are subject to the minimums of the particular program.

Matrix also intends to provide investment management services as investment adviser to Matrix Aggressive Value Partners, LP (the "Partnership"). Limited Partnership Interests will be sold only to accredited investors, as that term is defined in Regulation D, adopted pursuant to Section 4(2) of the Securities Act of 1933. Limited Partners must also be "qualified clients", as defined under the Rules adopted pursuant to the Investment Advisers Act of 1940. Limited Partners are required to invest a minimum of \$200,000, subject to the right of the general partner to waive such minimum.

A Limited Partner may voluntarily make a partial or complete withdrawal from the Partnership as of the end of a fiscal quarter, upon at least forty-five (45) days prior written notice, provided that the Limited Partner has been a Limited Partner for at least one year on the date of such withdrawal. In the case of a partial withdrawal, the Limited Partner must withdraw a minimum of \$50,000 and must maintain a Capital Account of not less than \$200,000 after giving effect to the partial withdrawal, subject to the right of the general partner, Matrix Management Holdings, LLC, (the "General Partner") to waive such minimums. In the event that the General Partner, in its discretion, allows a Limited Partner to make a partial or complete withdrawal at a time other than set forth above, such Limited Partner shall pay a fee of one percent (1%) (unless otherwise waived or reduced by the General Partner) of the amount being withdrawn.

The General Partner may, at any time, in its sole discretion, upon at least twenty-five (25) days prior written notice, require any Limited Partner to withdraw its entire Limited Partnership Interest, or a portion of his or her Capital Account, at the end of any calendar month.

There are no limitations to such authority.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Matrix Asset Advisors, Inc. utilizes both quantitative and fundamental methods of analysis. Investment ideas become portfolio holdings after they have passed through our research process which begins with a preliminary balance sheet screening. While we are willing to contemplate operating risk and uncertainty in a company, we are unwilling to also pursue financial uncertainty or instability. From an initial universe of 1,500 large cap stocks, we therefore will generally screen out companies with debt to capitalization ratios of higher than 45%. For industries that do not lend themselves to traditional balance sheet analyses, we will examine other important capital strength metrics to ensure the companies have underlying stability. Typically, this process eliminates up to a third of the initial universe.

We then proceed to a quantitative screening process in order to identify stocks that appear to be statistically attractive on at least two of our eight proprietary valuation models. Our quantitative models focus on both absolute and relative criteria, including earnings and dividend growth, returns on equity, and relative price/earnings, price/book, price/sales and dividend yields. Each stock should be purchased at about a one-third discount to our estimate of intrinsic value, which embeds a potential upside of at least 50% at inception and a downside limited by low valuation and robust financial underpinnings. This quantitative analysis represents about 20% of our research effort.

The bulk of the research effort and where Matrix adds the most value consists of detailed qualitative fundamental research. The purpose of this effort is to determine whether a statistically intriguing company is in fact undervalued and not just deservedly inexpensive, and if so, what the prospects are for its stock price to return to the level of its intrinsic value. Key steps in this qualitative process include: review of financial results, corporate structure and outlook; discussions with industry experts and sell-side analysts; management reviews; and catalyst evaluation.

If the IPC favorably assesses both the quantitative valuation opportunity and the qualitative aspects of the investment thesis, we will initiate a position across our account base and develops a 35-40 “best ideas” portfolio.

Investment Strategies

Matrix Asset Advisors, Inc. is a U.S. large cap, opportunistic value equity manager with over 25 years of history of building portfolios, bottom-up with our 35-40 “best ideas”. Our primary objective is to identify a diversified group of financially strong companies, where each stock trades at a substantial discount to its underlying intrinsic value (fair value). We believe value can be found in all sectors of the market, and thus do not exclude any industry from our search for attractive investment candidates. We favor better businesses, in better industries, trading at compelling prices, where some temporary setback has created an unusual opportunity for a patient investor.

We believe our time-tested, proprietary, quantitative approach to determining intrinsic value, coupled with the application of our team's experienced, qualitative judgment regarding the key factors relevant to a company's long-term investment case, can successfully separate temporarily "cheap" stocks from damaged businesses.

Our methodology is repeatable and versatile, able to identify attractive investments in all sectors and market environments, and readily adaptable to an objective sell process. This philosophy has not changed since Matrix's inception.

Matrix Asset Advisors, inc. manages Fixed Income investments for those clients that desire bonds as part of their asset allocation. We invest in high-quality taxable and tax-exempt securities and tailor fixed income portfolios to individual client's needs.

In September, 2010, Matrix began offering the Matrix Dividend Income (MDI) strategy which invests in high-quality equity securities with dividend rates that are generally higher than the equities in our large cap value equity strategy. The objective with the MDI strategy is to offer greater price stability and higher income as an alternative to our large cap value equity and fixed income strategies.

In December, 2011, Matrix began offering the Matrix Dividend Income Growth (MDIG) strategy which invests in high-quality equity securities with dividend rates that are generally higher than the equities in our large cap value equity strategy and may also have attractive growth characteristics. The objective with the MDIG strategy is to offer higher income with the added appreciation potential of stable growth companies as an alternative to our large cap value equity, MDI and fixed income strategies.

Risk of Loss

There is a risk that a Client of Matrix Asset Advisors, Inc. could lose all or a portion of his or her investment. The following are some of the principal risks that could affect the value of a Client's investment:

Management Risk: The risk that the Matrix Asset Advisors, Inc. may fail to implement the Client's investment strategies and meet his or her investment objective.

Market Risk: The market price of a security may fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

Common Stock Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value.

Sector Emphasis Risk: Investing a substantial portion of the Client's assets in related industries or sectors may have greater risks because companies in these sectors may share common characteristics and may react similarly to market developments.

Value Strategy Risk: The stock of value companies can continue to be undervalued for long periods of time and not realize its expected value. The value of the Client's investment may decrease in response to the activities and financial prospects of an individual company.

Disciplinary Information

Legal and Disciplinary

Matrix Asset Advisors, Inc. has no legal and disciplinary history.

Criminal or Civil Action

Matrix Asset Advisors, Inc. has had no criminal or civil actions.

Administrative Proceeding

Matrix Asset Advisor, Inc. has not had any administrative proceedings.

Self-Regulatory Proceeding

Matrix Asset Advisors, Inc. has not had any self-regulatory proceedings.

Other Financial Industry Activities and Affiliations

Broker-dealer or Registered Representative

Matrix Asset Advisors, Inc. is not a Broker-Dealer and has no Registered Representatives.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person

Matrix Asset Advisors, Inc. is not a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person.

Material Relationships or Arrangements with Financial Industry

Matrix Asset Advisors, Inc. has one affiliated entity, Matrix Management Holdings, Inc. which acts as the General Partner of the Matrix Aggressive Value Partners, LP.

In November, 2000, Matrix organized (commenced trading operations February 15, 2001), and serves as investment adviser to Matrix Aggressive Value Partners, L.P. (the "Partnership"), a private investment partnership, interests in which are offered pursuant to a private placement memorandum pursuant to Regulation D under the Securities Act of 1933, as amended.

Over the last 25 years, Matrix has developed a successful investment discipline for identifying equity securities which are undervalued by the market. Matrix will apply this discipline to the Partnership, but will utilize a more aggressive approach in managing the portfolio. The Partnership will invest in a concentrated portfolio of stocks, each of which has been identified through a value-oriented analysis, but which in aggregate offer greater return possibilities than a typical Matrix separate account. Conversely, investors should expect to assume greater risks than those present in typical Matrix accounts.

The greater opportunities arise from the following strategies which the Partnership may pursue:

- more aggressive, yet still value-oriented, stock selections
- concentrations into fewer stocks and fewer industries
- the use of leverage
- short selling
- shorter holding periods and higher turnover
- more aggressive trading strategies

Recommend or Select Other Investment Advisers

Matrix Asset Advisors, Inc. does not recommend or select other Investment Advisers.

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

Code of Ethics

Matrix Asset Advisors, Inc. maintains and follows the “Matrix Asset Advisors Professional Conduct and Code of Ethics” which meets all of the requirements under Rule 17j-1 under the Investment Company act of 1940 and Section 204A under the Investment Advisers Act of 1940. All employees are considered “Investment personnel” as they may at some time access investment information and are subject to the policies and procedures of the Code including the pre-clearance of securities transactions, reporting of monthly trade activity on a Monthly Trade Report form (in lieu of quarterly transaction reports and including required 17j-1 information), reporting of initial and annual holdings and abiding by any trade restrictions. Code violations are subject to penalties.

All trades in accounts of employees or any family members living in their household are required to be pre-approved by the firm's Chief Investment Officer and/or Senior Partner. Employee trades are subject to a one-day blackout period whereby a security cannot be traded by an employee or associate on the same day the security is traded for a client account. Additionally, employees or associates are subject to the 60-day rule whereby they may not sell a security for a profit within a 60-day holding period. Covered securities include equities, fixed income securities and mutual funds advised by Matrix. A record of completed trades must be submitted to the Compliance Officer within 15 days of the end of each month. Initial and annual holdings reports are also submitted by all employees and associates as required. All employees are required to certify initially and annually that they agree to abide by the Code and are in compliance with the Code and to certify that they have disclosed all of their accounts and holdings.

Matrix Asset Advisors' Chief Compliance Officer is responsible for the review of employee trading reports on a monthly basis as well as review of all employee Code of Ethics initial and annual certifications.

A copy of Matrix's Code of Ethics and Policy on Personal Securities Transactions and Insider Trading document is available to clients and further offered to clients annually.

Recommend Securities with Material Financial Interest

The President of Matrix, David Katz, is also President and Chief Investment Officer of the MATRIX ADVISORS VALUE FUND, a registered investment company that is affiliated with Matrix through [control], and for which Matrix acts as investment adviser.

Matrix may invest Investment Supervisory Service client assets in this affiliated Fund.

All of Mr. Katz's time is spent on advisory activities.

Matrix manages the fund as an additional client of the firm. The fund's investment philosophy is similar to other Matrix equity accounts. Purchase and sale transactions are executed in line with and on an equal basis to all other clients of the firm.

The executives of Matrix, David A. Katz, Douglas S. Altabef, and Lon F. Birnholz, are principals of Matrix Management Holdings, LLC, a Delaware limited liability company formed in November 2000 to serve as general partner of Matrix Aggressive Value Partners, LP (the "Partnership"), a Delaware limited partnership organized in November 2000 (commenced trading operations February 15, 2001).

Matrix manages the Partnership as an additional client of the firm. The Partnership's investment philosophy is similar to other Matrix equity accounts, but Matrix will utilize a more aggressive approach in managing the Partnership's portfolio. Purchase and sale transactions are executed in line with and on an equal basis to all other clients of the firm.

Because of differences in the aggressiveness of the Partnership versus Matrix's other equity accounts and the partnership's willingness to take more concentrated positions as well as trade more actively, there will be occasions of disparate trading activity, including but not limited to, when the partnership is: 1) reducing an equity position at the same time that Matrix has other portfolios that are purchasing the same security, 2) selling an equity position that continues to be held and purchased in accounts and 3) selling or reducing a position in anticipation of repurchasing it at a future date while Matrix's other accounts continue to hold and/or add to a similar position and 4) buying a position which is under consideration for purchase by Matrix's other accounts when we have not completed our final research analysis or when the price is modestly above the price we would like to pay for a broad based purchase of the positions or when there are uncertainties and risks that at the time of initial purchase are deemed appropriate for the fund and not yet appropriate for other accounts. An example of this activity is the partnership is moving from an overweighted position (6%) to a lower weighting 2.5%, at the same time a new account is taking a 2.0% position in the same security. In these instances transactions are only enacted when the trade is not expected to have a material impact on the other Matrix accounts and when the partnership is not expected to benefit from the buy or sell activities of the other Matrix accounts. In addition, these trades will not be executed as cross transactions and are generally placed at separate brokers at separate times.

Invest in Same Securities Recommended to Clients

Various officers and employees of Matrix may from time to time purchase or sell for their personal accounts securities of the same issuer as those acquired or sold for the investment management clients of Matrix, provided that such purchases and sales are consistent with Matrix's established policies on such investments described below and outlined in Matrix's Code of Ethics and Policy on Personal Securities Transactions and Insider Trading. Matrix has a policy against effecting transactions for its own account or for the accounts of persons associated with it in securities recommended to or purchased by clients where such recommendation or purchase by clients could result in transactions unduly influencing the market value of the securities to the undue benefit of Matrix or its related person or persons. Employees and associates may not knowingly precede the beginning of a buy or sell program. This means that employees and associates may not purchase securities that are under consideration for purchase and may not sell securities that are under consideration for sale. Once a purchase or sale program is being implemented, employees and associates may only engage in transactions in these securities as long as they are in compliance with the below parameters and in accordance with the Code of Ethics and Policy on Personal Securities Transactions and Insider Trading.

Personal Trading Policies

Employee trading is governed by both Matrix Asset Advisors Inc.'s Code of Ethics and Employee Trading Policy and Procedures. Comprehensive procedures are in place for the monitoring of employee trading activity. All employee trades must be pre-approved by the Chief Investment Officer. All trading activity is then documented in our monthly trade reports (in lieu of quarterly transaction reports) which are compared to monthly brokerage statements. A thorough review of employee trading is conducted by the Chief Compliance Officer on a monthly basis as well as by our outside compliance consulting firm, Focus 1 Associates, on a quarterly basis.

Brokerage Practices

Selecting Brokerage Firms

Best Execution - Equities

Matrix Asset Advisors, as a fiduciary to our advisory clients, endeavors to seek best execution for client transactions, i.e. seeking to obtain not necessarily the lowest commission but the best overall qualitative execution.

Matrix will endeavor to select those brokers/dealers which will provide high quality professional services at competitive commission rates. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help Matrix in providing investment management services to clients.

In some instances, Matrix may pay a brokerage commission in excess of that which another broker may have charged for effecting the same transaction. The principal factor Matrix considers in selecting brokers/dealers and determining the reasonableness of commissions charged is primarily net best execution. Matrix will select a broker for each specific transaction with the objective of obtaining the combination of competitive commission with high quality execution. Other judgemental factors utilized in determining the broker/dealer to effect the client transaction include: Matrix's knowledge of negotiated commission rates currently available and other current transaction costs, the nature of the security being traded, the size of the transaction, the desired timing of the trade, the capabilities of the broker/dealer, and the financial stability of the broker/dealer.

Matrix may also utilize a broker/dealer in recognition of a particular research idea, analysis, or other services related to research services.

In order to ensure that clients are receiving best execution, Matrix maintains a Trade Review Committee consisting of the firm's head trader, trade clearing specialist and the firm's President and CIO. The quality of trade execution is reviewed on an ongoing basis, and formally documented quarterly. Matrix also maintains a Best Execution Committee which consists of the Trade Review Committee as well as the Chief Compliance Officer and Director of Operations and the Chief Financial Officer. The Best Execution Committee meets semi-annually to formally review the findings of the Trade Review Committee.

Brokers/Dealers are reviewed for best execution based upon the following factors:

1. Ability to execute buy or sell orders with little or no market impact.
2. Speed in which orders are placed and executed.
3. Ability to execute at or better than limit orders.
4. Ability to provide trading insight and information regarding market forces influencing short term price

movement on given trades and securities of interest.

5. Ability to provide insight into market and individual securities with regards to pre-market calls and intra-day market calls.
6. Ability to execute pre or post market transactions if desired.
7. Ability to provide active buyers or sellers to help satisfy desired trades.
8. Ability to provide price execution vs. VWAP (when appropriate).
9. Ability to execute within the market insider spread.
10. Ability to execute numerous small orders (either limit or market) in a timely manner.
11. Ability to execute market on close orders in a timely manner.
12. Ability to trade electronically when desired.
13. Ability to direct orders to NYSE or ECNs if desired.
14. Ability to execute smaller orders at competitive price per share commission rates.
15. Ability to offer competitive commission rates on large as well as intermediate sized orders.
16. Ability to provide confidentiality of trading programs and transactions as well as overall confidentiality of the firm and our clients.
17. Financial stability
18. In the case of a broker/dealer acting as a principal in an over-the-counter transaction, the ability to execute desired quantities of shares at rates which are competitive within the stated bid/offer of a stock while not meaningfully impacting the price movement of the security.

Other factors which are considered when evaluating broker/dealers are:

1. Research coverage and idea generation
2. Soft dollar research services as discussed in the Research and Soft Dollar section below.
3. Ease of trade clearing and settlement

Best Execution - Fixed Income

Matrix Asset Advisors, as a fiduciary to our advisory clients, endeavors to seek best execution for client transactions (i.e. seeking to obtain not necessarily the lowest cost security but selecting in our opinion, the security that provides clients' with the best yield/price characteristics that meets their portfolio's objectives). The following outlines a formal written policy in regard to "Best Execution for its Clients' Asset Management Accounts".

The fixed income markets do not disclose commissions as they are built into the price of the security. Therefore, Matrix will endeavor to select those brokers/dealers which will provide high quality professional services, at competitive prices, in the areas of the market Matrix invests (Municipal, Treasuries, Agencies and/or Corporates). These services include the ability to provide pricing, market information, research and other services that will help Matrix in providing investment management services to its clients.

Fixed income markets generally do not operate from a centralized market but rather through a dealer-based inventory system. This requires Matrix to conduct pricing inquiries of many different broker/dealers in order to determine general market levels and the quality of offerings presented to our clients. As a result, pricing is often not uniform and it is not unusual that the same issue can not be found in other broker/dealer inventories, making price comparison difficult. In order to determine the appropriateness of pricing, Matrix is often confronted with comparing bonds of dissimilar characteristics (i.e., credit quality, callability, liquidity, odd-lot, etc).

Depending upon the trade in question, Matrix may not always obtain the best price/yield for a client, as Matrix must consider the individual needs of the client's portfolio (callable vs non-callable issues). Matrix will select a broker for each specific transaction with the objective of obtaining the combination of competitive pricing with high quality execution. Other judgmental factors utilized in determining the broker/dealer to effect the client transaction include among others: knowledge of the nature of the security being traded, the size of the transaction, the desired timing of the trade, the capabilities of the broker/dealer, and the financial stability of the broker/dealer.

Many clients when undertaking an advisory relationship already have a pre-established relationship with a broker and they will instruct Matrix to execute all transactions through that broker. In addition, on occasion a broker will introduce one or more clients to Matrix. In the event that either a client directs Matrix to use a particular broker, or a broker introduces a client to Matrix, it should be understood that under those circumstances Matrix may not have the authority to negotiate the best pricing, and best execution might not be obtained.

Consistent with the above discussion, in order to insure that clients are receiving best execution Matrix uses the following guidelines:

The trade Review Committee consists of the Head of Fixed Income and partner, Fixed Income Trader and Clearing Specialist. The Head of Fixed Income and the Fixed Income Trader review the quality of trade execution on an ongoing basis. They maintain an evaluation list commenting on the broker/dealers that Matrix deals with. These evaluations are updated semi-annually and they are reviewed with the CCO and CIO also semi-annually. Additionally, Matrix keeps detailed trade execution information on every executed trade. The Clearing Specialist reviews quality of trade settlement and clearing on an ongoing basis.

Definitions:

Prime Broker and DVP Trading: Broker Dealer and electronic trading platforms that are executing trades for Matrix's prime broker and DVP accounts.

Client Designated Trading: Broker/Dealers where the client has asked Matrix to work with a specific broker or the broker has introduced the client to Matrix. In each of these cases the account is custodied with the designated broker.

Best Execution: Matrix incorporates the following procedures to uncover the best pricing for its clients in all fixed income DVP and Prime Broker trading accounts. At least once a week Matrix contacts between five to ten broker/dealers informing them of our clients' fixed income needs.

A. Municipals, Corporate, and certain Agency Bonds (procedures are for all municipal and corporate bonds as well as callable agencies and certain non-callable bonds):

1. Purchases: Once a broker/dealer presents a purchasing opportunity, Matrix searches the inventory of other brokers/dealers in order to compare similar issues (i.e., issuer, credit quality, callable, etc.) to determine the best price/yield scenario. Matrix will select the instrument that provides the best price/yield scenario that meets the client's overall portfolio needs.

2. Sales: Matrix conducts a sales auction among at least two broker/dealers selecting the highest price for the client.

B. Treasuries and certain Agency Bonds: (procedures are for all treasuries and certain non-callable bonds that can be purchased through an electronic trading system). Matrix uses electronic trading systems to execute both the purchases and sales of US Treasuries and certain US Agency bonds, as well as for price discovery. Matrix has tested these electronic trading systems by employing steps taken in part A above to ensure that the electronic trading system was providing at least the same and often better pricing.

Additionally, Matrix considers a number of other factors in determining if a firm is providing "Best Execution" to our clients. Factors that go into this evaluation include:

1. Speed in which they execute trades.
2. Ability to provide insight into markets and individual securities.
3. Ability to provide active buyers or sellers to help satisfy desired trade. (find opposite side of transaction).
4. Ability to execute numerous small orders (odd-lots) in timely manner
5. Ability to trade electronically when desired
6. Ability to carry inventory in a specific market segment.
7. Ability to provide confidentiality of trading programs and transactions as well as overall confidentiality of the firm and our clients.
8. Financial Stability of the Broker dealer.

Relationship Criteria Outside of Trade Execution Includes:

1. Research coverage and idea generation
2. Ease of trade clearing and settlement

Matrix Asset Advisors' Chief Compliance Officer participates in Best Execution Reviews as well as monitors firm trading activity and brokerage selection.

Research and Soft Dollars

Soft Dollar Research Services

In the general course of business, Matrix has entered into soft dollar relationships in which a brokerage firm directly supplies research or provides Matrix with various research and brokerage related products/services. In return for these products/services, Matrix pays or compensates these firms with commission dollars.

Eligible Soft Dollar Services - 2012

For 2012, Matrix continues to limit the eligible services to those that are primarily research and brokerage-related and include computer software relating to equity and fixed income research and brokerage services (including but not limited to analytical, portfolio analytics and trading software), statistical services and databases used for research and their delivery.

The soft dollar firms and services paid for during 2011 included:

* Rochdale Securities Corp.: Computer software relating to equity and fixed income research and brokerage services (including but not limited to analytical, portfolio analytics and trading software), statistical services, databases used for research and their delivery, and major and regional brokerage houses' proprietary research offerings.

As a result of these soft dollar arrangements, there may be instances where the client could pay slightly higher commission rates. The commissions paid for these soft dollar research services are not expected to be higher than those commission rates negotiated at the inception of the asset management relationship.

Research services paid for by soft dollar commission transactions may benefit some or all of Matrix's clients. There will be instances where the client, whose commissions are being used for soft dollar payments, does not benefit by the research service which has been provided. For example, if a client has an all-equity account, their commission dollars might be used to pay for fixed income related research products or services. As a result, they would not benefit from the service being paid for. In addition, there can be circumstances where the benefit is not limited to just those clients paying for the service.

In those cases where a custodial bank exists and Matrix is authorized to select the broker for the client, it will seek to obtain the best net results for the client, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. However, this does not guarantee the client will pay the lowest commission or spread available. Subject to obtaining the best net results for the client, brokers who provide supplemental investment research to Matrix may receive orders for transactions on behalf of clients. Information so received will be in

addition to and not in lieu of the services required to be performed by Matrix and the expense of the receipts of such supplemental information. Such information may be useful to Matrix in providing services to clients other than the client whose transaction is being executed and not all such information may be useful to Matrix in connection with such client's account. Conversely, such information provided to Matrix by brokers through whom other clients of Matrix effect securities transactions may be useful to Matrix in providing services to such client.

During the course of business, Matrix purchases some products and services that might have a mixed use. For example, the product can be used to assist in the research process, as well as in the creation of client reports or marketing materials (i.e., uses that benefit Matrix, not the client). In reviewing all soft dollar research and brokerage related services, Matrix makes a determination about the end use of the product/service and then makes an allocation decision in regard to usage percentage allocation. The cost of these items is then proportioned with the research and brokerage related functions paid by soft dollar commissions and the other non-research and brokerage related functions paid directly by Matrix through "hard" dollars.

There is an inherent conflict of interest that Matrix confronts in making determinations of mixed use products. Determinations which result in a higher percent of the product being used for research and brokerage related functions result in lower hard dollar amounts being paid by Matrix and higher soft dollar commissions which is subsequently paid by client commissions. Matrix attempts to use appropriate and reasonable methods in allocating expenses on mixed use items.

Matrix's CIO and CCO approve all soft dollar services. The CCO oversees the soft dollar service budget and payments and performs an annual soft dollar review.

Matrix as investment adviser to Matrix Aggressive Value Partners, L. P. (the "Partnership") will utilize the services of Charles Schwab and Co., the Partnership's prime broker and custodian. Matrix's policies for selecting brokers and its soft dollar practices for this account will generally be the same as for other Matrix advised accounts.

Beginning in 2004, soft dollar commissions in payment for third-party research services were no longer utilized for any mutual funds advised or sub-advised by Matrix.

Matrix does utilize proprietary broker research received from brokers with whom we trade for client accounts (including mutual funds advised or sub-advised by Matrix). Proprietary Research received consists of the following: written research reports, access to research analysts, access to broker-sponsored conferences, and access to company managements through attendance of broker-sponsored conferences.

In 2011, Matrix received proprietary research from brokers including the following with whom we placed client transactions:

Barclays

Buckingham Research

Citigroup

Credit Suisse

Deutsche Bank

Goldman Sachs

ISI Group

Keefe Bruyette & Woods

Merrill Lynch

Morgan Stanley Smith Barney

Sanford Bernstein

Weeden Securities

Brokerage for Client Referrals

Matrix Asset Advisors, Inc. has no brokerage for client referral arrangements.

Directed Brokerage

Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker and they will instruct Matrix to execute all transactions through that broker. In addition, on occasion a broker will introduce one or more clients to Matrix. In the event that either a client directs Matrix to use a particular broker or dealer, or a broker introduces a client to Matrix, it should be understood that under those circumstances Matrix may not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a client will often pay a higher commission than the commission charged to other clients.

When Matrix (the "Adviser") acts as an adviser in various Wrap Programs, the Adviser may have discretion to select brokers but it is anticipated that most transactions will be placed with the custodian/broker because of the favorable commission schedule and the charges that would be imposed on the account for trading away from the custodian/broker. Therefore, a Wrap Program Client must be aware that the Adviser is generally not free to seek best price by placing transactions with other brokers or dealers.

In evaluating a bundled fee program, the client should recognize that the Adviser is not negotiating brokerage commissions on behalf of the client. Further, with a bundled fee program, a client should also consider that, depending upon the level of the single fee charged under the program, the package of services provided, the amount of the portfolio activity in the account, the value of the custodial and portfolio monitoring services, the single fee may be higher or lower than the total cost of all the services the client is receiving were he able to pay for each service separately. For client accounts subject to ERISA, such directed broker arrangements must be for the exclusive benefit of participants and beneficiaries of the plan and must not constitute or cause the account to be engaged in a prohibited transaction as defined by ERISA. Clients may wish to compare the possible costs or disadvantages of such directed brokerage arrangements.

When a client directs Matrix in terms of their brokerage relationship, Matrix will (unless otherwise

advised) negotiate with the selected broker in terms of the commission rates that will be charged on the account. This negotiating by Matrix can result in the client paying the selected broker lower rates than if they negotiated the rates themselves.

Client Designated Trading - Trade Execution is evaluated using the same criteria. In those cases where Matrix has issues with the broker dealer's execution, a discussion will take place with the broker dealer. If we are unable to reach an acceptable solution, the client is informed about problems. At that point the client can make a determination about the desire to proceed with the broker or make a change in their trading relationship. If the client prefers that we continue to work with organization in question, Matrix will work with the broker dealer to address areas of deficiency. Depending upon the outcome of the discussions with the client as well as the broker, client Best Execution may not be obtained.

Order Aggregation

Matrix Asset Advisors, Inc. follows the Matrix Asset Advisors Client Trading Policy and Procedures document to determine order aggregation. Matrix will block trades where possible and where we believe advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It is expected that blocking of trades will allow Matrix to execute equity trades in a more timely, equitable manner and to reduce overall commission charges to clients. Generally clients who are included in these block trades will share the reduced transaction cost that results from the block. However there will be block trades that will include clients who because of their size or other circumstances have pre-negotiated lower rates than those that are used in our normal block trading practices. In those cases, some clients would be receiving better commission rates than those received by others who are included in the same block trade. In addition, if a client is included in the block trade but is subject to a minimum transaction charge, they will be subject to paying a higher cents per share transaction rate than other clients who are included in the same block trade. In addition, for accounts custodied at Schwab and participating in a block trade, due to the June 2004 revision to a tiered commission amount based upon the number of shares traded, all accounts will not receive the same intended benefit of block trade orders. Those Schwab accounts with a lower number of shares participating in a block trade could pay a higher commission rate per share than those with a greater number of shares per the Schwab commission schedule.

Additional Considerations: If a security is purchased or sold from a brokerage house in one order or working order, Matrix will attempt to record an average ticket price to be given to all clients from that respective brokerage house in that given day.

The following outlines the general procedures to be employed by MAA in the purchase or sale of equity securities.

Purchase and Sale by Brokerage House: In general no priority is to be given to any brokerage house in terms of the timing of orders. Orders will be placed to maximize the number of clients and the number of shares that can be bought or sold for these clients without materially affecting the market and to minimize stock price movement. Another consideration affecting the timing of orders is the responsiveness of the broker and the broker's ability to execute orders in a timely manner. Block trade orders, typically the larger trades in regard to number of clients and number of shares, are generally placed first, and designated broker orders, typically with a smaller number of clients and shares, are placed after the block trades. Within the designated broker trades, orders will also be placed to maximize the number of clients and the number of shares that can be bought or sold for these clients without materially affecting the market and to minimize stock price movement. In those cases where there are directed trades with multiple brokerage houses that have similar larger share and client profiles Matrix uses an alphabetical

listing to determine the general order in which directed trades are placed with these brokers. A similar process is applied in the timing of placing orders for the smaller directed brokerage relationships. The timing of orders for designated broker trades is also affected by the responsiveness of the broker and the broker's ability to execute orders in a timely manner. In liquid securities orders will be placed at more than one brokerage house at a time, while in illiquid securities orders will be placed at a much slower pace. In those cases where Matrix is buying or selling very liquid securities where multiple simultaneous transactions are not expected to impact the security's price, with all other factors being equal, Matrix will generally execute orders from both the non-designated broker and designated broker trading groups based upon an alphabetical listing sorted with a rotation of the alphabet based upon the calendar day of the month.

Purchase within Brokerage House: When a partial position is bought within a particular brokerage house the following priority of placement is followed. A) Prior to placement of order, decision is made to purchase security for specified client or group of clients. B) Portfolios that are most under-weighted in the designated asset class start to have their positions filled prior to fully invested or nearly fully invested portfolios receiving additional securities. C) Portfolios which are under-weighted in a given industry or have no position in a particular security have their position filled prior to portfolios which already have a position in the security being bought. D) Positions filled alphabetically (listing identified as alphabetical from Axys account code and families or grouped accounts are filled at same time whenever possible). The alphabetical listing will be sorted with a rotation of the alphabet based upon the calendar day of the month. Also, partial positions are taken for accounts which are expected to purchase significantly more shares (this allows for a partial purchase and does not result in higher than normal commissions). Typically, full positions are filled when purchase is for 499 or less shares.

Sale within Brokerage House: When a partial position is sold within a particular brokerage house the following priority of placement is followed. A) Prior to placement of order, decision is made to sell security for specified client or group of clients. B) Portfolio requires cash to meet client's cash disbursement needs. C) Positions sold alphabetically (listing identified as alphabetical from Axys account code and families or grouped accounts are sold at the same time whenever possible). The alphabetical listing will be sorted with a rotation of the alphabet based upon the calendar day of the month. Also, partial positions are sold for accounts which are expected to sell significantly more shares (this allows for partial sale and does not result in higher than normal commissions). Typically, full positions are sold when holding is 499 or less shares.

Trading is reviewed on an ongoing basis by the Chief Investment Officer and CCO as well as quarterly by a Compliance Consultant to ensure that no account has been disadvantaged as a result of the order placement methodology employed.

Review of Accounts

Periodic Reviews

Investment professionals will review each account on an ongoing basis. While most accounts are reviewed weekly, monthly reviews include examining a portfolio vis-a-vis targeted asset allocation, cash balances versus required cash levels and existing holdings versus desired holdings. Quarterly reviews involve comparison with relevant benchmarks, detailed interest and dividend income reports, capital gains and losses, and a listing of all assets by asset class. As Matrix increases the accounts under management, it is expected that investment professionals will be added in order to be able to assign no more than 250 clients to each investment professional. Since all accounts tend to have similar portfolios, there will be an overall stock selection and monitoring function on a team basis to determine which accounts own certain equity positions and which do not. Each investment position will have a buy and sell target providing for each account to be monitored both individually and from a standpoint of equity positions overall.

Review Triggers

Matrix Asset Advisors, Inc. conducts regular reviews of client portfolios outlined above. Factors which can trigger additional reviews include changes in the overall market condition, cash balances either too high or too low, and/or changes in a specific client's financial structure.

Regular Reports

At the end of each quarter, clients will be provided with portfolio reviews priced to the market as of the quarter end and compared to appropriate indexes as to performance. This quarterly report includes a cover letter, market commentary, ideas about investing, summary of assets under management, performance summary, purchases and sales for the quarter, income and expenses for the quarter, and realized gains and losses for the year. Reports may be modified for unusual circumstances where special needs must be served to achieve the client's request. Generally, sub-advisory clients, financial planners and brokers working through wrap fee programs, will receive a spreadsheet summarizing the assets under management and performance for each of their accounts. In these cases, reporting is generally done directly to the advisor, financial planner or broker rather than directly to the client. Clients will also receive directly from their broker or custodian a monthly brokerage statement detailing their end of period holdings with cost and market value information as well as details of the account's transactions including the purchases, sales, dividends, interest, cash deposits and withdrawals, and expenses for the period. This brokerage statement is also received by Matrix Asset Advisors, Inc. and is utilized to verify our records each month.

Client Referrals and Other Compensation

Economic Benefits

Matrix Asset Advisors, Inc. receives proprietary research from some brokers with which we trade on behalf of client accounts. Proprietary research is one portion of the overall service Matrix receives from brokers. Matrix selects brokers based upon the Matrix Asset Advisors, Inc. Best Execution Policy and Procedure which outlines the criteria considered when attempting to achieve net best execution. There may be instances whereby the proprietary research received benefits Matrix in its research and portfolio management processes but does not necessarily benefit the individual client account that was traded with the brokerage firm providing the research.

In December of 2006, Matrix signed agreements with Charles Schwab whereby Charles Schwab pays exchange fees associated with the provision of pricing by the exchanges to facilitate trading on their CYBERTRADER system. This pricing was previously provided as part of the CYBERTRADER system without a written agreement.

Third Party Solicitors

Matrix will, from time to time, use third parties to solicit business for the firm. These individuals are paid dependant upon the amount of dollars they bring under Matrix management. Each third party solicitor is bound by a written agreement which specifies 1) solicitation activities and compensation to be received (if any); 2) Matrix investment requirements and duties of the solicitor under the Advisors Act; 3) the solicitor to provide new accounts with a copy of Matrix's ADV part II.

In addition, Matrix requires the solicitor to provide the potential client with a written disclosure statement outlining: 1) name of the solicitor; 2) name of Matrix; 3) discussion about the nature of the relationship between the two; 4) statement identifying the solicitor as a recipient of compensation by Matrix; 5) terms of the compensation agreement.

Matrix requires the client's signature be obtained by third party solicitors upon acceptance of a new account to verify the client understands the relationship and has received a copy of Matrix's ADV part II and the solicitor's disclosure document. Copies are kept in the client's file.

The client will not pay a higher fee than would be charged if the client were not brought in by a solicitor.

In March, 2010, Matrix entered into a Distribution Consulting and Marketing Services Agreement with NAV Capital Partners whereas NAVCAP provides distribution consulting and marketing services to agreed upon broker dealers, financial advisors or other prospective clients in connection with the offering and sale of investment advisory services and/or shares in the Matrix Advisors Value Fund, the mutual fund advised by Matrix Asset Advisors, Inc.

Custody

Account Statements

Matrix Asset Advisors, Inc. is a registered investment advisor with no affiliated broker/dealers or custodians. Matrix does not custody client funds or securities with the exception of the Matrix Aggressive Value Partners, LP, in which case Matrix Asset Advisors, Inc. may authorize the custodian of the assets, Charles Schwab and Co., to disburse funds for limited partners' capital withdrawals and direct the payment of expenses with the required authorization by a Managing Member of the General Partner employed by Matrix.

Matrix Asset Advisors, Inc. also has direct debit capability for management fees for clients that authorize Matrix to debit fees from their brokerage/custodian account instead of sending the client a management fee invoice for payment.

Clients will receive a monthly brokerage/custodial statement directly from their broker/custodian. Statements can be either in hard copy form or electronic form (where clients have online access to their accounts through the broker/custodian's secure website). The monthly brokerage/custodial statement will provide the client with details of their month end holdings with cost basis and market values, as well as the transactions occurring in the account during the period. Transactions detailed in the monthly brokerage/custodian statement include purchases and sales of securities with realized gain/loss information, dividends and interest received, cash deposits and withdrawals and expenses and fees charged. Matrix Asset Advisors, Inc. receives a copy of the client's monthly brokerage/custodian statement and/or has online access to it, as well as receives a data feed of the account's holdings and transaction information when available. Matrix utilizes this information to perform a reconciliation of our internal records of client holdings and transactions. This reconciliation is performed either systematically or manually by a Matrix Associate to ensure that Matrix's records are accurate.

When Matrix is authorized to select a custodian/brokerage house for the client, it historically has placed and intends to continue to place a large portion of its accounts with Charles Schwab & Co. (Schwab). Matrix prefers Schwab for a variety of reasons including but not limited to the following:

- * Schwab provides Matrix with competitive commission rates. As of June 2004, the commission rate was changed by Schwab to \$0.05 per share for trades of 399 shares or less, \$19.95 for trades of 400 to 1,000 shares, and \$19.95 plus \$0.015 per share for trades of 1,001 shares or more for accounts custodied at Schwab. Commission rates are subject to change at the discretion of Schwab.

- * By having the majority of accounts at Schwab, Matrix has a greater ability to engage in block trades on behalf of its accounts. This might enable Matrix to obtain a better price on transactions by not competing against itself on the floor of the exchange. Block trades are intended to benefit client accounts through reduced transaction costs. Due to Schwab's tiered commission schedule revision in June of 2004 all accounts will not receive the same intended benefit of block trade orders. Those accounts with a lower number of shares participating in a block trade could pay a higher commission rate per share than those with a greater number of shares per the Schwab commission schedule. Commission rates are generally set by Schwab and not Matrix. * Schwab has provided Matrix with competitive execution. Schwab provides Matrix with an electronic trading platform, CYBERTRADER which facilitates trading for a

majority of client transactions. In addition, they have allowed Matrix to execute a meaningful portion of its trades away from Schwab. This enables us to obtain competitive execution and gives us access to a number of different brokerage houses. Transactions with other brokerage houses will be implemented based on: quality of execution, recognition of a particular research idea, in return for analysis or in payment of research related soft dollar expenses. These transactions generally occur without limitation and are easily processed.

- * Matrix has found Schwab to be more flexible than many other brokerage firms in providing very competitive commission rates on special transactions including year end tax transactions and partial purchases and sales of positions.

- * Matrix is provided with a number of research related soft dollar expenses by other brokerage houses. When accounts are set up with Schwab, brokerage transactions done away at other brokerage houses can be used to pay for some of these soft dollar expenses.

Investment Discretion

Discretionary Authority for Trading

Matrix Asset Advisors, Inc.'s investment advisory agreement provides the discretionary authority for trading unless superseded by client request. In the case of clients that are in wrap programs or instruct Matrix to trade with their broker/custodian, Matrix will do so. Client designated trading and directed brokerage are discussed in the Brokerage Practices section above.

Limited Power of Attorney

Matrix Asset Advisors, Inc. has no limited power of attorney relationships.

Voting Client Securities

Proxy Voting

Matrix Asset Advisors' standard investment management agreement implicitly authorizes Matrix Asset Advisors to vote proxies on behalf of the Client's account. Therefore, unless the Client expressly reserves proxy voting responsibility, it is Matrix Asset Advisors' responsibility to vote proxies relating to securities held for the Client's account.

ERISA Accounts: Unless proxy voting responsibility has been expressly reserved and is being exercised by another "named fiduciary" for an ERISA plan client, Matrix Asset Advisors, as the investment adviser for the account, must vote all proxies relating to securities held for the plan's account. Matrix Asset Advisors shall make appropriate arrangements with each account custodian to have proxies forwarded, on a timely basis, to the Client or other appropriate person, and shall endeavor to correct any delays or other problems relating to timely delivery of proxies and proxy materials.

Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the Client's investment. Proxy voting decisions must be made solely in the best interests of the Client. In voting proxies, Matrix Asset Advisors is required to consider those factors that may affect the value of the Client's investment and may not subordinate the interests of the Client to unrelated objectives.

Matrix Asset Advisors has retained an independent, third party proxy voting service, Risk Metrics Group's ISS Governance Services (ISS), to provide advice and counsel on proxy voting. Matrix generally follows the proxy voting guidelines maintained by ISS in the voting of proxies for client accounts, unless the client

provides Matrix with its own proxy voting guidelines. A copy of the guidelines Matrix follows will be sent to clients upon request.

For Matrix holdings (companies owned in client portfolios per Matrix's investment discretion), ISS monitors corporate actions and provides information and analyses with regard to proxy voting issues. Matrix has further retained ISS to vote proxies on its behalf, and Matrix will monitor the application of the guidelines by ISS, and will vote issues contrary to, or issues not covered by, the guidelines only when Matrix believes it is in the best interest of the Client. ISS maintains the proxy voting records. Where the Client has provided proxy voting guidelines to Matrix, those guidelines will be followed, unless it is determined that a different vote would add more value to the Client's holding of the security in question. A written explanation of the rationale for the deviation from the Client's proxy voting guidelines will be maintained. Direction from a Client on a particular proxy vote will take precedence over the guidelines.

ISS, on Matrix's behalf, may also vote proxies for companies held in restricted accounts according to ISS guidelines for which Matrix has no investment discretion.

Should a material conflict arise between Matrix Asset Advisors' interest and that of its clients (i.e. Matrix owns shares in a Client, Matrix manages a pension plan for a company whose management is soliciting proxies, or a Firm employee has a relative involved in Management at an investee company), the proxies will be voted in accordance with the recommendation of the independent third party proxy voting service. A written record will be maintained describing the conflict of interest, the resolution of the conflict, and an explanation of how the vote taken was in the client's best interest.

Matrix Asset Advisors may refrain from voting the proxy if the cost of voting the proxy exceeds the expected benefit to the Client, for example in the case of voting a foreign security when the proxy must be translated into English and in cases where the vote must be cast in person. Additionally, Matrix may refrain from voting a proxy when the shares owned are small and the impact of the vote would be immaterial.

Non-mutual fund Clients may receive a copy of Matrix Asset Advisors' voting record for their account by calling 1-800-366-6223. Mutual fund Clients may receive a copy of the Fund's voting record from the Fund, either by calling toll-free 1-800-366-6223 or on the SEC's website at <http://www.sec.gov>.

Recordkeeping. In accordance with the recordkeeping rules, Matrix Asset Advisors and/or ISS on Matrix's behalf will retain:

- (i) Copies of its proxy voting policies and procedures.
- (ii) A copy of each proxy statement received regarding client securities (maintained by the proxy voting service and/or Matrix Asset Advisors).
- (iii) A record of each vote cast on behalf of a client (maintained by the proxy voting service and/or Matrix Asset Advisors).
- (iv) A copy of any document created that was material to the voting decision or that memorializes the basis for that decision.
- (v) A copy of each written Client request for proxy voting information and a copy of any written response by Matrix Asset Advisors to any Client request for proxy voting information for the Client's account.

Matrix Asset Advisors will maintain these materials in an easily accessible place for not less than five years from the end of the fiscal year during which the last entry took place, the first two years in Matrix Asset Advisors' principal office.

Matrix's CCO monitors Proxy Voting recordkeeping for client accounts.

Class Action Lawsuits

Periodically a client may receive documentation relating to a class action lawsuit for a security held in their Matrix account. In the event a client elects to participate in a class action lawsuit and requires assistance with the research associated with the filing of the claim, Matrix will endeavor to provide assistance. Matrix will file claims for any mutual funds it advises for which it has signing authority.

However, Matrix is not authorized to sign the release form for its other clients and consequently will not submit claims on behalf of client accounts.

Financial Information

Prepayment of Fees

Matrix Asset Advisors, Inc. bills management fees on a quarterly basis in advance based upon the prior quarter-end asset value. Any unused portion of a pre-paid management fee will be refunded to the client in a timely manner.

Financial Condition

Matrix Asset Advisors, Inc. is financially secure and has no debt.

Bankruptcy

Matrix Asset Advisors, Inc. has never filed for bankruptcy.

Requirements for State-Registered Advisers

Identify Principal Executive Officers and Management Person

Matrix Asset Advisors, Inc. is not a State-Registered Adviser.

Describe Business Other Than Investment Advice

Matrix Asset Advisors, Inc. is solely an Investment Advisor and has no other business activities.

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New York, NY 10017

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This brochure supplement provides information about Matrix Asset Advisors, Inc.'s Supervised Persons that supplements Matrix Asset Advisors, Inc.'s brochure. You should have received a copy of that brochure. Please contact us at (212) 486-2004, or by email at matrix@matrixassetadvisors.com if you did not receive Matrix Asset Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about the included Supervised Persons is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2012

David A. Katz, CFA

Education & Business Experience

Union College, 1983, BA Economics

New York University Graduate School of Business, 1987, MBA Finance

Matrix Asset Advisors, Inc., President/Chief Investment Officer, 1990 - Present

Professional Designations

Mr. Katz is a CFA Charterholder.

Disciplinary Information

Mr. Katz has no disciplinary information to report.

Other Business Activities

Mr. Katz has no other business activities.

Additional Compensation

Mr. Katz receives no additional compensation.

Supervision

Mr. Katz is supervised by Douglas S. Altabef, Senior Managing Director. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Katz. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Douglas S. Altabef

Education & Business Experience

Columbia College, 1972, A.B. History

Harvard Law School, 1977, J.D. Law

Varsity Rec. Holdings, Inc., President, October 1993 - September 1996

Matrix Asset Advisors, Inc., Senior Managing Director, November 1996 - Present

Professional Designations

Mr. Altabef has no professional designations.

Disciplinary Information

Mr. Altabef has no disciplinary information to report.

Other Business Activities

Mr. Altabef has no other business activities.

Additional Compensation

Mr. Altabef receives no additional compensation.

Supervision

Mr. Altabef is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Altabef. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Lon F. Birnholz

Education & Business Experience

New York University School of Business Administration, 1983, BS Accounting/Economics

New York University Graduate School of Business, 1987, MBA Finance

Edgewater Partners, Inc., 1993 - 2000

Matrix Asset Advisors, Inc., Chief Financial Officer, 1995 - 1999

Matrix Asset Advisors, Inc., Managing Director/CFO, 1999 - 2009

Matrix Asset Advisors, Inc., Senior Managing Director/CFO, 2009 - Present

Professional Designations

Mr. Birnholz has no professional designations.

Disciplinary Information

Mr. Birnholz has no disciplinary information to report.

Other Business Activities

Mr. Birnholz has no other business activities.

Additional Compensation

Mr. Birnholz receives no additional compensation.

Supervision

Mr. Birnholz is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Birnholz. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Steven Pisarkiewicz

Education & Business Experience

University of Missouri, 1972, BS Industrial Engineering

University of California at Berkeley Haas School of Business, 1977, MBA Marketing Management

Alliance Bernstein L.P., 1989 - 2003; 2007 - 2008

The Bank of New York, BNY Asset Management, 2003 - 2007

Matrix Asset Advisors, Inc., Senior Managing Director/Senior Portfolio Manager, 2009 - Present

Professional Designations

Mr. Pisarkiewicz has no professional designations.

Disciplinary Information

Mr. Pisarkiewicz has no disciplinary information.

Other Business Activities

Mr. Pisarkiewicz has no other business activities.

Additional Compensation

Mr. Pisarkiewicz receives no additional compensation.

Supervision

Mr. Pisarkiewicz is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Pisarkiewicz. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Jordan F. Posner

Education & Business Experience

Rensselaer Polytechnic Inst., 1979, BS, Electric Power Eng.

Rensselaer Polytechnic Inst., 1980, MEng, Electric Power Eng.

University of Pennsylvania/Wharton, 1986, MBA

David J. Greene & Co., 1987 - 2005

Matrix Asset Advisors, Inc., Managing Director/ Senior Portfolio Manager, 2005 - Present

Professional Designations

Mr. Posner has no professional designations.

Disciplinary Information

Mr. Posner has no disciplinary information to report.

Other Business Activities

Mr. Posner has no other business activities.

Additional Compensation

Mr. Posner receives no additional compensation.

Supervision

Mr. Posner is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Posner. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Stephan J. Weinberger, CFA

Education & Business Experience

University of Colorado, 1975, BA English Literature

Trinity College, Dublin, 1978, Higher Diploma, Anglo Irish Literature

University of Chicago, 1980, MBA

Armstrong Shaw Associates, 1996 - 2010

Matrix Asset Advisors, Inc., Managing Director/Senior Portfolio Manager, 2010 - Present

Professional Designations

Mr. Weinberger is a CFA Charterholder.

Disciplinary Information

Mr. Weinberger has no disciplinary information to report.

Other Business Activities

Mr. Weinberger has no other business activities.

Additional Compensation

Mr. Weinberger receives no additional compensation.

Supervision

Mr. Weinberger is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Weinberger. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.

Steven G. Roukis, CFA

Education & Business Experience

University of Buffalo, 1991, BA History

New York University, 2000, MA Economics

Matrix Asset Advisors, Inc., Managing Director/Senior Portfolio Manager, 1994 - Present

Professional Designations

Mr. Roukis is a CFA Charterholder.

Disciplinary Information

Mr. Roukis has no disciplinary information to report.

Other Business Activities

Mr. Roukis has no other business activities.

Additional Compensation

Mr. Roukis receives no additional compensation.

Supervision

Mr. Roukis is supervised by David A. Katz, CFA, President. Additionally, Matrix Asset Advisors, Inc. has a comprehensive Compliance Program in place, overseen by Laurie S. Gaeta, the firm's Chief Compliance Officer, which is designed to prevent violations of the Federal Securities Laws. This Compliance Program covers all firm supervised persons, including Mr. Roukis. Matrix Asset Advisors, Inc. also contracts with an outside firm, Focus 1 Associates, for Compliance Services including the performance of Mock-SEC examinations as well as the review of firm and employee trading on a quarterly basis.