



Mastrapasqua Asset Management, Inc.

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This brochure provides information about the qualifications and business practices of Mastrapasqua Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at (615) 244-8400 or (210) 353-0500 or jlewis@mastrapasqua.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 Mastrapasqua Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

October 1, 2011: Julie Lewis is now the Chief Compliance Officer. She also fills this position as well as the Chief Administrative Officer – San Antonio for Austin Calvert & Flavin, Inc., an affiliated investment adviser in San Antonio, Texas.

December 2011: Austin Calvert & Flavin, Inc. merged its operations with Mastrapasqua and no longer operates as a separate investment advisor entity.

February 2012: The fee structure for all new clients is to charge quarterly in arrears. Current clients paying quarterly in advance will continue to do so according to their current agreements.

The last annual amendment was filed in March 2011. All material changes that have occurred since then have been captured above.

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ADVISORY BUSINESS

Advisory Firm Description

Mastrapasqua Asset Management, Inc. ("MAM" or the "Firm"), is a Nashville, TN-based registered investment advisor with an office in San Antonio, TX. MAM has been in business since February 1993 and is principally owned by Dr. Frank Mastrapasqua.

Types of Advisory Services

Mastrapasqua Asset Management, Inc. furnishes investment advisory services to each of its clients on a continuous basis using strategies believed to be suitable to the particular client.

Investment Advisory Services

MAM's investment advisory services include:

- Analyzing the risk characteristics of each client and constructing a portfolio for each client's account within the context of this risk profile
- Determining the asset allocation that appears appropriate in the current market cycle for each such account
- Selecting appropriate investments for each asset class
- Reviewing portfolios on a regular basis in light of:
 - Global
 - Domestic
 - Sector
 - Company and/or
 - Client developments
- Rebalancing the portfolio as appropriate
- Responding to client requests and questions promptly and thoroughly
- Providing portfolio information and MAM's perspective on the economy periodically (please see the following paragraph about periodicals)

MAM may provide a financial plan and related updates to certain existing and new clients at no additional charge.

Periodicals about the Markets

MAM maintains a free subscription-based mailing list through its web site: www.mastrapasqua.com. Subscribers have access to the "Capital Market Comment," regarding the state of the financial markets and "Prospective" on a quarterly basis, which gives our outlook on the economy.

Tailored Advisory Services

Clients may restrict MAM from purchasing or selling particular investments or sectors. These restrictions may be changed at the client's written direction to the Firm.

Wrap Fee Programs

MAM acts as a portfolio manager for several wrap fee programs, where the investment management fee and transaction fees are “wrapped” into a single fee based on assets held in the account. (MAM receives a portion of this fee for its investment advisory services.) This combination of fees may be higher than the fees a client might pay should the client approach MAM directly. These wrap programs are usually presented to clients through the program sponsor or sales force, who also provide detailed information on the program being offered including the fee structure.

Client Assets Under Management

At December 31, 2011, MAM managed \$674,137,996 on a discretionary basis.

FEES AND COMPENSATION

MAM manages accounts according to different investment strategies, as outlined below under the section “Methods of Analysis, Investment Strategies and Risk of Loss.”

Fees for investment advisory services are charged on a cumulative step basis and are calculated at the following annual rate:

Equity & Balanced Portfolios

1.00% on the first \$2,000,000 of market value
0.75% on the next \$3,000,000 of market value
0.65% on the next \$5,000,000 of market value
0.55% on the next \$15,000,000 of market value
0.50% on the market value over \$25,000,000

Fixed Income Portfolios

0.50% on the first \$10,000,000 of market value
0.35% on the next \$25,000,000 of market value
0.25% on the market value over \$35,000,000

MAM charges its fees for new clients on a quarterly basis in arrears at the rate of one quarter of the annual percentage shown above. The Firm calculates its fees for investment advisory service as a percentage of the assets under management using prices obtained from a reputable outside pricing service at quarter-end, including cash and accrued interest in the calculation. Unless agreed otherwise, MAM deducts its fee directly from the client’s custodial account each quarter. If the inception of an investment agreement occurs during a quarter, all of the applicable fees are prorated for the days in the current quarter the assets were under management.

Clients who engaged MAM in the past are on a different fee schedule from the fees shown above and pay in advance on a quarterly basis.

If requested by significant relationships, fees are negotiable.

Additional Fees

Any fees charged by the custodian would be in addition to the fees outlined above. These additional fees might include transaction fees, exchange fees, margin interest, wire fees and custodial fees.

When MAM recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is MAM's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any money market fund or ETF purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by MAM, which would also negatively affect MAM's ability to deliver its services efficiently. Not all mutual fund trades enacted by MAM incur this transaction fee. When recommending mutual funds for client portfolios, MAM only recommends no-load funds.

Termination

If the client should choose to terminate the financial planning agreement prior to completion of the plan, the client may do so immediately in writing. The client would owe MAM for all time expended to date on the plan, not to exceed the maximum plan fee shown on the financial planning agreement. If MAM owes the client funds, MAM would issue the client a check within 15 days of the termination. If the client owes MAM, the Firm would invoice the client for work completed as of the termination date and would expect payment within 15 days of receipt of the invoice.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

MAM does not charge any performance-based fees or engage in side-by-side management.

TYPES OF CLIENTS

MAM provides investment advisory services to:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- State or municipal government entities
- Corporations and other businesses

Generally, MAM requires a minimum account size of \$100,000 for investment in any of the Firm's strategies. These minimums may be waived at the discretion of the Firm.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

The GradPoint™ Model

MAM's independent research team uses a proprietary valuation methodology, Growth to Risk-Adjusted Differential (GRAD Point™), for stock selection. The GRAD Point™ model evaluates absolute and relative company market valuations by determining those factors that contribute positively or negatively to valuation.

The Investment Process

The investment team meets daily with each member reporting on companies and industries they cover. There are two main ways in which ideas are generated: from the Top-Down and the Bottom-Up. The Top-Down idea generation process results in investable sector themes within the firm's Global Economic Outlook. These themes identify a sector(s) or industry group(s) that should benefit from prevailing macroeconomic tailwinds. The Bottom-Up idea generation process methodically generates a Stock Universe.

The Stock Universe is put through rigorous independent fundamental analysis, using all available information sources, by the investment team. The analysis consists of at least the following: sector level analysis; identification of industry tailwinds; competitive positioning; identifying catalysts and profit drivers; a historical DuPont analysis gauging the company's ability to generate sustainable growth; GRAD Point™ component breakdown; revenue and EPS acceleration; and various technical indicators.

The team evaluates each company's leadership in its industry, the level of conviction in our related sector theme(s), the quality of management and their historical ability to execute, the valuation of the prospective holding(s) (primarily GRAD Points™), the potential growth of the dividend, appropriate risk factors, and the sustainable competitive advantage of each candidate. The entire process is designed to select stocks and sectors that should outperform in a given economic, financial and market environment without exposing the portfolio to excessive risk.

The Sell Discipline is intentionally tied to the Top-Down and Bottom-up analyses that created the original investment thesis. From the Top-Down perspective, any adverse changes in the macroeconomic environment resulting in changes to our Global Economic Outlook could result in a change in our desired sector exposure. From the Bottom-Up perspective, if the GRAD Points™ turn negative (the risk adjusted P/E ratio exceeds the projected five-year growth rate); the DuPont analysis shows deterioration in underlying fundamentals; the company discontinues its dividend if applicable to the respective strategy; management's credibility is challenged; or if a company is no longer profitable, we would strongly consider selling the position and reinvest into better risk/reward situations.

Investment Strategies

MAM has several investment strategies, each with its own screens and protocol. Clients are assessed to determine which strategy is most appropriate for the client's objective and risk tolerance. Following are the investment strategies and the risks associated with each:

Large Cap Growth Equity

The Large-Cap Growth Equity Strategy consists primarily of U.S.-based large capitalization stocks with earnings growth prospects greater than the average of a population of all large capitalization stocks over a 3 to 5 year time horizon. Mastrapasqua Asset Management's proprietary GRAD Point™ valuation framework is the foundation for identifying stocks that are inadequately valued relative to earnings prospects. The portfolio is concentrated in sectors with compelling fundamental growth prospects.

Risks:

Long term holdings entail the risk of missing short-term market swings. Sector focus may weaken performance if one or more sectors should fall out of favor with the market.

Large Cap Core Equity

The Large-Cap Core Equity Strategy consists primarily of U.S.-based large-cap stocks with a history of consistent dividend growth. Cash flow growth, historical and prospective dividend consistency and Mastrapasqua Asset Management's proprietary GRAD Point™ valuation framework are the foundation of total return appraisal. Additionally, we may invest in REITs to enhance portfolio income when prevailing macroeconomic conditions are appropriate.

Risks:

Dividend paying companies have the option of decreasing or eliminating dividend payments. REIT risks include a drop or stall in the real estate market. Depressed real estate markets may increase the likelihood of decreased dividend payments.

Small/Mid Cap Core Equity

The Small/Mid Cap Core Equity Strategy consists primarily of U.S.-based stocks with a capitalization range of \$500 million to \$8 billion and a history of consistent dividend growth. The portfolio places a 10% cap on non-dividend paying stocks. Cash flow growth, historical and prospective dividend consistency and Mastrapasqua Asset Management's proprietary GRAD Point™ valuation framework are the foundation of total return appraisal. Additionally, we may invest in REITs to enhance portfolio income when prevailing macroeconomic conditions are appropriate.

Risks:

Dividend paying companies have the option of decreasing or eliminating dividend payments. REIT risks include a drop or stall in the real estate market. Depressed real estate markets may increase the likelihood of decreased dividend payments.

Core Plus

This strategy combines the Large Cap Core Equity Strategy and fixed income securities for clients requiring a balanced portfolio. The Core Plus Strategy consists primarily of U.S.-based large-cap stocks with a history of consistent dividend growth and fixed income securities. Cash flow growth, historical and prospective dividend consistency and Mastrapasqua Asset Management's proprietary GRAD Point™ model are the foundation of total return appraisal. Additionally, we may invest in REITs to enhance portfolio income and alter the maturity structure of the fixed income securities when macroeconomic conditions are appropriate.

Risks:

Dividend paying companies have the option of decreasing or eliminating dividend payments. REIT risks include a drop or stall in the real estate market. Depressed real estate markets may increase the likelihood of decreased dividend payments. Additionally, a depressed economy increases risk of defaults on muni and corporate bonds.

Equity Income

The Equity Income Strategy consists primarily of Large Cap U.S. based securities with a focus on high dividend paying stocks having a strong prospect of consistent dividend growth and a rising income stream. Cash flow growth, historical and prospective dividend consistency and Mastrapasqua Asset Management's proprietary GRAD Point™ model are the foundation of total return appraisal. Additionally, we may invest in REITs and MLPs (taxable accounts) to enhance portfolio income when prevailing macroeconomic conditions are appropriate.

Risks:

Dividend paying companies have the option of decreasing or eliminating dividend payments. REIT risks include a drop or stall in the real estate market. Depressed real estate markets may increase the likelihood of decreased dividend payments.

Mutual Fund Strategy

As driven by the financial goals and objectives of individual clients as appropriate, the Firm builds allocation models using mutual funds that are style-specific with proven long-term track records. Mutual funds are chosen from Charles Schwab's no-load/no-transaction fee list which included thousands of funds. There are no loads, commissions, transaction costs, or shared fees. Asset class weightings change periodically in accordance with Mastrapasqua Asset Management's economic outlook. Accounts are monitored daily and rebalanced as necessary. Tax efficiency is a consideration, but does not drive allocations and transaction decisions. Employing style-specific funds allows the Firm to limit or broaden our exposure to global regions and domestic asset classes as appropriate.

Risks:

While this strategy mitigates individual security risk through diversification, there is still market, currency, economic, political, and business risk that can cause a mutual fund to go down in value. Please see the section above titled “Fees and Compensation” for discussion concerning fees when MAM invests for clients in mutual funds. The layered fee structure may depress an account’s performance when compared to trading in the funds or their underlying assets directly.

Fixed Income Strategy

We are a core fixed income manager whose style is characterized as having a top-down and value-oriented bias toward high credit quality portfolios for both our taxable and tax-exempt clients. We first focus on the current economic environment and strategically allocate fixed assets based on anticipated changes in the environment. We use asset allocation, yield curve positioning, duration management, and credit quality as our major portfolio factors. We consider various forms of economic data such as monetary policy, interest rate environment and investor sentiment to gain perspective on the bond market..

We then tailor the portfolio to own the securities that reflect the investor’s specific needs. These targets include: portfolio maturity, effective duration, overall portfolio quality rating, and sector weightings. Finally, we use relative valuation to determine the attractiveness of individual securities. This process results in a strategically structured portfolio that best fits the risk and return objectives of the client..

Risks:

A depressed economy increases the risk of default on municipal and corporate bonds.

Trading in individual securities exposes the portfolio to company, sector and market risks, which the Firm mitigates through diversification of the portfolio holdings.

MAM does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm’s overall management of the account. The client understands that investment decisions made for the client’s account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. The client understands that investing in any security entails risk of loss.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against MAM or any of its investment personnel.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MAM has no other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

MAM has adopted a code of ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the code of ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of MAM’s code of ethics which will be provided at no cost.

The following basic principles guide all aspects of MAM’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- MAM must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on MAM’s behalf and on their own behalf consistently with MAM’s disclosures and to manage the impacts of those conflicts.
- MAM and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- MAM and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The code of ethics contains a policy against the use of nonpublic information in conducting business for MAM. Employees may not convey nonpublic information nor depend upon it in placing personal or clients’ securities trades.

Personal Securities Trading

MAM or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. Such trades may occur on the same day at the same time receiving average pricing or after the client. The Firm does not allow front running.

All personal securities transactions must comply with MAM’s code of ethics and insider trading policy and procedures. For these purposes, all applicable employee or related person securities transactions must be pre-cleared and approved by the Chief

Investment Officer, or his designee, prior to execution. Additional procedures are in place to enforce MAM's employees', officers' and directors' fiduciary duty and ethical obligations to its clients.

MAM employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with MAM's policies.

Outside Business Activities

MAM employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

BROKERAGE PRACTICES

Selection of Brokers

MAM's selection of broker/dealers is based in part on research and other relevant services provided by broker/dealers. MAM effects transactions with those broker/dealers whom the MAM believes will provide the most favorable prices and are capable of providing efficient executions.

Research and Other Soft-Dollar Benefits

MAM has soft dollar arrangements with several broker/dealers in which these broker/dealers pay for certain research services in exchange for MAM directing client trades to these broker/dealers. Transaction fees for client trades pay for some of these services, which may benefit MAM and its clients who did not participate in the transactions generating soft dollars. Generally MAM transactions creating soft dollars may pay a higher commission rate than those not creating soft dollar credits. When this is the case, MAM has a conflict of interest with clients when it directs trades to brokers generating soft dollars, in that MAM has an incentive to choose brokers providing soft dollar benefits rather than paying for research directly. The Firm mitigates this through its periodic reviews of execution quality provided by each broker.

Brokerage for Client Referrals

Clients are referred to MAM by brokers offering MAM's investment management services through their wrap programs. These wrap accounts are held in custody at and traded through the brokers referring the clients to MAM. Details of each relationship are further disclosed in each wrap brochure provided to clients as appropriate. Please see the section titled "Advisory Services" for more information on wrap programs.

Directed Brokerage

MAM may not receive best execution on client directed trades where the client, rather than MAM, establishes the arrangement with the broker/dealer and then requests that MAM place the client's trades through the designated broker/dealer. Clients might pay higher commissions for directed brokerage accounts than would non-directed brokerage accounts and may lose the opportunity to participate in block trades (please see the

paragraph below). Other than as required by wrap accounts, MAM does not direct trades to particular brokers in exchange for client referrals.

Order Aggregation

The aggregation or blocking of client transactions allows a firm to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. The Firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro rata basis

REVIEW OF ACCOUNTS

All accounts are reviewed continuously by MAM client service personnel, and reconciliation associates as well as the traders and the Chief Investment Officer and Portfolio Manager of MAM. This process includes reviewing the overall portfolio structure; including new purchases and sales, asset allocation, company specific fundamentals and economic and political events. MAM offers clients a formal annual portfolio review and more frequent meetings if necessary.

MAM provides quarterly written reports to each client as applicable, indicating account performance, investment activity and any expenses paid during the prior quarter.

CLIENT REFERRALS AND OTHER COMPENSATION

Mastrapasqua Asset Management does not use outside solicitors to obtain clients.

However, MAM continues to pay a former solicitor under an agreement for accounts brought to MAM in the past. These payments will continue as long as the solicited accounts remain under MAM's management.

CUSTODY

Custody is defined as having any access to client funds or securities. Because MAM generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, MAM is considered to have "custody" of client assets. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. Otherwise, MAM may only direct the movement of funds from one account in the client's name to another such titled account, but has no other access to funds.

All clients receive statements directly from their account custodian at least quarterly. These show each asset valuation at the period close and all transactions occurring during the period including deduction of the investment management fee. Clients are reminded to compare their account statements from the custodian to the statements they receive from MAM. The client should bring any material differences immediately to the attention of MAM and the custodian.

INVESTMENT DISCRETION

For discretionary accounts, the Firm has full trading authority under a limited power of attorney assigned to MAM. As a result, MAM will determine both the investments, and how much of each, should be purchased or sold on each client's behalf. Clients may place restrictions on the Firm's discretion in writing.

VOTING CLIENT SECURITIES

MAM's investment advisory agreements authorize the Firm to vote proxies on behalf of the client account. Therefore, unless the client reserves proxy voting responsibility, it is MAM's responsibility to vote proxies relating to securities held for the client account. The Firm has engaged a service provider to vote proxies on behalf of its clients, voting in a manner that the service provider believes will maximize a security's long-term value. Generally, the policy is to vote with management except in matters concerning executive compensation and other matters that appear to be self-serving.

Unless proxy voting responsibility has been expressly reserved and is being exercised by another "named fiduciary" for an ERISA plan client, MAM, as the investment adviser for the account, must vote all proxies relating to securities held for the plan's account. If another party will vote proxies, MAM or the service provider shall make appropriate arrangements with each account custodian to have proxy material forwarded, on a timely basis, to the voting party.

FINANCIAL INFORMATION

There are no financial conditions that might interfere with MAM's ability to provide service as contracted with its clients in the future.