

# Cobble Hill Financial Services, Inc.

99 West Main Street  
Suite 200  
Moorestown, NJ 08057

Phone: 856-231-7770  
Fax: 856-231-9099

January 1, 2012

*This disclosure brochure provides clients with information about the qualifications and business practices of Cobble Hill Financial Services, Inc., an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Cobble Hill Financial Services, Inc. provides as well as background information on those individuals who provide investment advisory services on behalf of Cobble Hill Financial Services, Inc. Please contact Thomas Granite, Chief Compliance Officer of Cobble Hill Financial Services, Inc., at 856-231-7770 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Cobble Hill Financial Services, Inc. or any individual providing investment advisory services on behalf of Cobble Hill Financial Services, Inc. possesses a certain level of skill or training. Additional information about Cobble Hill Financial Services, Inc. is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cobble Hill Financial Services, Inc. is 107992.*

## **MATERIAL CHANGES**

There have been no material changes to this disclosure brochure since the date of its most recent filing (March 1, 2011).

Table of Contents

---

<b>ADVISORY BUSINESS .....</b>	<b>1</b>
Our Company	
Our Investment Team	
Our Investment Philosophy	
Our Services	
Our Assets Under Management	
<b>FEES AND COMPENSATION .....</b>	<b>4</b>
Portfolio Management Fees	
Consulting Fees	
Important Additional Information	
<b>PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>6</b>
<b>TYPES OF CLIENTS .....</b>	<b>6</b>
Engaging the Services of Cobble Hill	
Conditions for Managing Accounts	
<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ...</b>	<b>7</b>
Types of Investments	
Investment Strategies	
Security Analysis	
Sources of Information	
Risk	
Cash Management	
<b>DISCIPLINARY INFORMATION .....</b>	<b>8</b>
<b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>9</b>
<b>CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>9</b>
Our Code of Ethics	
Prohibition on Use of Insider Information	
Participation or Interest in Client Transactions	
<b>BROKERAGE PRACTICES .....</b>	<b>10</b>
Best Execution	
Broker Analysis	
Research/Soft Dollar Benefits	
Brokerage Selection	
Trade Aggregation/Allocation	

COBBLE HILL FINANCIAL SERVICES, INC.  
DISCLOSURE BROCHURE

---

Table of Contents

---

<b>REVIEW OF ACCOUNTS .....</b>	<b>13</b>
Reviews	
Reports	
<b>CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>14</b>
<b>CUSTODY .....</b>	<b>14</b>
<b>INVESTMENT DISCRETION .....</b>	<b>15</b>
<b>VOTING CLIENT SECURITIES .....</b>	<b>15</b>
Proxy Voting	
Class Actions	
<b>FINANCIAL INFORMATION .....</b>	<b>16</b>
Payment of Fees	
Financial Condition	
Bankruptcy	
<b>PRIVACY NOTICE .....</b>	<b>16</b>
<b>COMPLAINTS .....</b>	<b>16</b>

## **ADVISORY BUSINESS**

### **Our Company**

Cobble Hill Financial Services, Inc. is a privately-held New Jersey corporation that has been providing investment advisory services as an SEC-registered investment adviser since 1999. Throughout this disclosure brochure Cobble Hill Financial Services, Inc. is referred to as “Cobble Hill.”

The principal owners of Cobble Hill are Althea L.A. Skeels and Thomas Granite.

### **Our Investment Team**

#### Althea L.A. Skeels

Althea Skeels has over thirty-five years of professional service experience in the financial and investment areas. Althea is a registered investment advisor and certified public accountant. Prior to founding Cobble Hill Financial Services, Althea was a Portfolio Manager and Co-Managing Director of the Institutional Advisory Division of Rittenhouse Financial Services. Althea has both her MBA and undergraduate degrees from Michigan State University. She has served as a director on boards of not-for-profit organizations as well as for-profit corporations.

#### Thomas Granite

Thomas Granite has over thirty-seven years of business experience including investment portfolio management, investment consulting, and financial analysis.

In addition to being a registered investment advisor, Tom is also a certified public accountant. Prior to founding Cobble Hill Financial Services, he was a Portfolio Manager and Co-Managing Director of the Institutional Advisory Division of Rittenhouse Financial Services. Tom graduated from St. John's University, New York. He currently is a Trustee for a large, not-for-profit religious organization.

### **Our Investment Philosophy**

Cobble Hill's goal is simple – to increase the value of our clients' assets over time without taking excessive risks, thereby assuring the preservation of capital. The Cobble Hill investment philosophy is centered upon an opportunistic growth approach to asset management.

For individual clients, and for institutional clients where the portfolio is designated as the primary marketable securities vehicle for the client, Cobble Hill will use individual company securities, Exchange Traded Funds (ETFs), preferred securities, mutual funds, and fixed income securities to create well-diversified, yet liquid, portfolios.

ETF's are investments which represent baskets of securities, such as small cap stocks, foreign stocks, etc. Cobble Hill does this when it believes exposure to a

particular niche is beneficial to the portfolio, but wishes to diversify the risk in that area among a number of individual companies.

Cobble Hill may, from time to time, also purchase individual stocks. Such a purchase could occur when, through our research, Cobble Hill identifies a company which Cobble Hill believes has the ability to materially improve its future earnings, while meeting other basic criteria, such as financial and management strength, liquidity, and so forth.

Control of portfolio risk is critical. To minimize risk Cobble Hill will:

- Diversify the industries and sectors within the portfolio;
- Buy only securities with reasonable market liquidity;
- Constantly monitor all holdings; and
- Structure the portfolio so as to have a dividend which approximates the market yield.

#### Bond Investment Process

For balanced portfolios, Cobble Hill will invest in cash equivalents, U.S. Treasury and agency bonds, domestic corporate bonds, mortgage pool securities, and municipal bonds in tax-sensitive portfolios.

The fixed income securities are selected and managed so as to assure an appropriate balance of quality, maturity, and coupon, consistent with market and economic conditions.

Corporate bonds may be of investment grade quality or higher grade non-investment grade securities. With the exception of cash equivalents and obligations of the United States and related agencies, not more than 5% of a portfolio's assets at market may be invested in the obligations of any one issuer.

To the extent that the client's bond allocation is not large enough to purchase multiple positions of bonds, Cobble Hill may purchase ETF index funds and/or mutual funds to satisfy this allocation.

The weighted average maturity of the fixed income portfolio generally will not exceed 15 years. The longest remaining maturity of any single issue may not exceed 30 years. At the time the bond portfolio is created, consideration is given to current and forecasted economic conditions, the interest rate curve, and the likelihood that the individual client portfolio will have the ability to hold the fixed income security to maturity.

## **Our Services**

### Portfolio Management Services

Cobble Hill provides personalized Portfolio Management Services which consist of giving continuous advice to a client or making investments for a client based on the individual needs of the client. Cobble Hill provides Portfolio Management Services on both a discretionary and a non-discretionary basis. Individual client needs are determined via an interview, which may be conducted in person or over the telephone. This interview will be broad in scope. Cobble Hill intends to review all aspects of the client's financial situation, subject to client limitations. Based on this review, the appropriate composition of the client's portfolio (equity, fixed income or a combination of equity and fixed income securities and/or mutual fund shares) and risk tolerance is determined. It is at this time that Cobble Hill and the client will make a determination whether the portfolio is to be managed on a discretionary or non-discretionary basis.

Cobble Hill will allocate the client's assets among various investments taking into consideration the client's risk tolerances and financial needs. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

### Consulting Services

When requested, Cobble Hill will be available for investment advice through consultations. The scope and detail of this service is dependent upon client inquiry and client needs.

## **Our Assets Under Management**

At December 31, 2011, the total amount of client assets managed by Cobble Hill was approximately \$515 million.

## FEES AND COMPENSATION

### Portfolio Management Fees

The annual fee for Portfolio Management Services will be charged as a percentage of assets under management. The table below shows the maximum annual fee for Portfolio Management Services. The actual fee charged may be less than the maximum fee shown below depending upon the size and complexity of the client's account:

Assets Under Management	Maximum Annual Fee (%)
First \$10 million	1.00%
Next \$15 million	0.75%
Next \$25 million	0.50%
Next \$50 million	0.35%
Over \$100 million	Negotiable

Typically, the client will be billed on a quarterly basis. Monthly billing may be considered if requested by the client.

Clients will be billed in arrears at the end of each calendar quarter based upon the market value of the assets in the client's account at the end of that quarter. Market value will be determined by the account custodian. In the event that the account custodian cannot provide a market value for an asset, Cobble Hill will determine a fair market value for that asset.

Any account opened during a calendar quarter will have the advisory fee pro-rated for the period based upon quarter-end value of the account. Any account closed during a calendar quarter will have the advisory fee pro-rated for the period based upon the value of the account as of the last day that Cobble Hill has discretionary authority.

At the option of the client, fees may be paid directly by the client or Cobble Hill can bill the custodian so the fee is paid directly from the client's account. Details of the investment management fee charged are more fully described in the advisory agreement entered into with each client.

### Consulting Services Fees

Consulting Services will be charged as a fixed fee, typically ranging from \$25,000 to \$250,000, depending on the nature and complexity of each client's circumstances. Cobble Hill will invoice the client on a quarterly basis in arrears for recurring investment Consulting Services or upon completion of the Consulting Services for non-recurring services and special projects.



## **Important Additional Fee Information**

### Fee Only

Cobble Hill is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products, or any other investment product).

### Fees Negotiable

Cobble Hill retains the right to modify fees, including minimum account size and minimum annual fees, in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided. In addition, family accounts and accounts controlled by the same client may be combined for the purpose of computing the fee.

### Direct Debiting of Client Accounts

In order for Cobble Hill's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting Cobble Hill to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to Cobble Hill. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

### Termination of Client Relationship

A client agreement may be canceled by (i) Cobble Hill, upon thirty (30) days' prior written notice to the client and (ii) the client, at any time upon written notice to Cobble Hill. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after first entering into the agreement. Refunded advisory fees will be pro-rated to the date of termination. Clients may obtain their refund in one of two ways – either by having the refund transferred directly into their account or by check.

### Mutual Fund and Exchange Traded Fund Fees

All fees paid to Cobble Hill for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and Exchange Traded Funds (ETFs) 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 Cobble Hill. In that case, the client would not

receive the services provided by Cobble Hill 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. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by Cobble Hill to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Trading and Other Costs

All fees paid to Cobble Hill for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of securities,. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers, or attorneys. Please see the section entitled "Brokerage Practices" on page 10 of this disclosure brochure for additional information on brokerage and other transaction costs.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Cobble Hill does not accept performance-based fees (*e.g.*, fees based on a share of capital gains on or capital appreciation of the assets in a client's account).

### **TYPES OF CLIENTS**

Cobble Hill provides investment advisory services to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, religious entities, charitable organizations, corporations, and other types of business entities.

### **Engaging the Services of Cobble Hill**

All clients wishing to engage Cobble Hill for investment advisory services must sign an investment management agreement that governs the relationship with Cobble Hill. The investment management agreement describes the services and responsibilities of Cobble Hill to the client. It also outlines Cobble Hill's fee in detail.

In addition to completing Cobble Hill's internal documents (*e.g.*, investment management agreement), clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, Cobble Hill will be considered engaged by the client. A client has an ongoing responsibility for ensuring that Cobble Hill is informed in a timely manner of changes in the client's investment objectives and risk tolerance.

## **Conditions for Managing Accounts**

### Portfolio Management Services

Cobble Hill generally will require a minimum account size of \$500,000 for new advisory clients, but may reduce or waive this minimum at its sole discretion. Accounts of less than \$500,000 may be set up when the client and Cobble Hill anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time or to accommodate related accounts or individual client circumstances. An account may be funded with cash, marketable securities, mutual funds or a combination of each. Cobble Hill also requires a minimum annual fee of \$5,000. Cobble Hill retains the right to reduce or waive the minimum annual fee.

### Consulting Services

Cobble Hill requires a minimum annual fee of \$25,000 for Consulting Services clients.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. In addition, advice will be given (but not necessarily recommendations) on all types of domestic and foreign equity securities, mutual funds, exchange traded funds (ETFs), preferred securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and government securities. Cobble Hill may recommend, when appropriate to the risk profile of the client, investment in various limited partnerships and derivative securities.

### **Investment Strategies**

Cobble Hill may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, and trading.

### **Security Analysis**

The security analysis methods employed by Cobble Hill include charting and fundamental, technical, and cyclical analysis.

### **Sources of Information**

In conducting security analysis, Cobble Hill may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, inspection of corporate activities, corporate rating services, timing services,

annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission, and company press releases.

## **Risk**

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bonds since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability. Depending upon the client need and investment mandate, Cobble Hill will attempt to explain the applicable risks.

### Exchange Traded Funds (ETFs)

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the stocks tracked within an ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the ETF will go down. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

## **Cash Management**

Uninvested capital will be invested in the client's respective custodian cash investment account. Interest earnings from cash equivalents is not a primary objective. Generally, uninvested capital will be deposited in one of the custodian's more conservative cash equivalent vehicles and be available for withdrawal immediately.

## **DISCIPLINARY HISTORY**

Neither Cobble Hill nor any of its supervised persons have any reportable disciplinary history.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Cobble Hill nor any of its supervised persons engage in any other financial industry activities nor have any other financial industry affiliations.

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

### **Our Code of Ethics**

Cobble Hill has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Cobble Hill and its employees owe a fiduciary duty to its clients. Accordingly, Cobble Hill expects all employees to act with honesty, integrity, and professionalism and to adhere to federal securities laws. Cobble Hill and its employees are required to adhere to the Code of Ethics. At all times, Cobble Hill and its employees must (i) place client interests ahead of Cobble Hill's; (ii) engage in personal investing that is in full compliance with Cobble Hill's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Cobble Hill's Code of Ethics by contacting Thomas Granite, Chief Compliance Officer of Cobble Hill, at 856-231-7770.

### **Prohibition on Use of Insider Information**

Cobble Hill has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of Cobble Hill's Insider Trading Policies and Procedures is available to any client or prospective client upon request. For a copy of Cobble Hill's Insider Trading Policies and Procedures, please contact Thomas Granite, Chief Compliance Officer of Cobble Hill, at 856-231-7770.

### **Participation or Interest in Client Transactions**

*Cobble Hill or individuals associated with Cobble Hill may buy, sell, or hold in their personal accounts the same securities that Cobble Hill recommends to its clients.*

To minimize conflicts of interest, and to maintain the fiduciary responsibility Cobble Hill has for its clients, Cobble Hill has established the following policy:

- An officer, manager, or employee of Cobble Hill shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with Cobble Hill, unless the information is also available to the investing public as a whole;
- No person associated with Cobble Hill shall prefer his or her own interest to that of any client;

- No person associated with Cobble Hill shall trade against the interests of any client account;
- Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients; and
- Cobble Hill personnel may not anticipate trades to be placed for clients.

## **BROKERAGE PRACTICES**

### **Best Execution**

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Cobble Hill will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

For fixed income securities, Cobble Hill attempts to obtain best execution for the volume of bonds sought.

### **Broker Analysis**

Cobble Hill evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Cobble Hill.

Also in consideration is such broker-dealers’ provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by “soft dollars”, as further discussed in the “Research/Soft Dollars Benefits” section immediately below). Accordingly, if Cobble Hill determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by

such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Cobble Hill's Chief Compliance Officer is responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Cobble Hill periodically reviews its transaction costs in light of current market circumstances and other relevant information.

### **Research/Soft Dollar Benefits**

Cobble Hill has the discretion to establish brokerage accounts with certain registered broker-dealers to maintain custody of clients' assets and to effect trades for their accounts. Any such broker-dealers will not be affiliated with Cobble Hill. These broker-dealers may provide Cobble Hill with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

- Software and other technology that provide access to client account data (such as trade confirmations and account statements);
- Trade execution (and allocation of aggregated trade orders for multiple client accounts);
- Research, pricing information and other market data;
- Payment of Cobble Hill's fees from its clients' accounts; and
- Assistance with back-office support, record keeping and client reporting.

Many of these services generally may be used to service all or a substantial number of Cobble Hill's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide Cobble Hill with other services intended to help Cobble Hill manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, these broker-dealers may make available, arrange and/or pay for these types of services to Cobble Hill by independent third parties. These broker-dealers may discount or waive fees it would otherwise be charged for some of these services or pay all or a part of the fees of a third-party providing these services to Cobble Hill.

While as a fiduciary Cobble Hill is required to act in its clients' best interests, Cobble Hill's recommendation that clients maintain their assets in accounts with one or more specific broker-dealers may be based in part on the benefit to Cobble Hill of the availability of some of the foregoing products and services and not solely on the

nature cost or quality of custody and brokerage provided by the particular broker-dealer. This may create a conflict of interest.

## **Brokerage Selection**

### Cobble Hill Discretion

For those clients that grant Cobble Hill discretionary brokerage authority, Cobble Hill is authorized by the client to select the broker or dealer to be used and to determine the commission rate paid. Please see the disclosures in the “Best Execution” and “Broker Analysis” sections beginning on page 10 of this disclosure brochure for additional information on the criteria used by Cobble Hill to select broker-dealers for clients accounts.

### Cobble Hill Directed Brokerage

For those clients for which Cobble Hill does not have the discretionary authority to determine the broker-dealer to be used, Cobble Hill will recommend the use of various broker-dealers. Please see the disclosures in the “Best Execution” and “Broker Analysis” sections beginning on page 10 of this disclosure brochure for additional information on the criteria used by Cobble Hill when recommending broker-dealers to clients.

Not all investment advisers require their clients to direct brokerage. Cobble Hill is required to disclose that by directing brokerage, Cobble Hill may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

Please see the disclosures in the “Research/Soft Dollars Benefits” section directly above for additional information regarding Cobble Hill’s use of recommended broker-dealers.

### Client Directed Brokerage

Certain clients may direct Cobble Hill to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, Cobble Hill is required to disclose that Cobble Hill may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates Cobble Hill might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

However, when the client designates the broker, Cobble Hill will assist the client in negotiating a commission discount with the broker which takes into consideration any special services the broker might be providing to the client, and whether the broker may be providing custodial services to the client. Occasionally, the client has a pre-existing relationship with the broker, so Cobble Hill does not have significant influence in negotiating commissions in these instances, and commissions paid by



the client with directed brokerage arrangements are generally higher than those otherwise obtainable.

Cobble Hill encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

### **Trade Aggregation/Allocation**

It is the objective of Cobble Hill to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, Cobble Hill may often seek to purchase or sell a particular security in each account. Cobble Hill will aggregate orders only when such aggregation is consistent with Cobble Hill's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account.

Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the value of the securities traded for each account.

### **Trade Errors**

It is Cobble Hill's policy to correct any trading error as soon as it is detected. For errors caused by a broker-dealer, Cobble Hill will seek reimbursement in the client's account. In situations where Cobble Hill is responsible for a trading error, Cobble Hill will discuss the error and amount (when it is to the detriment of the client) with the client to determine whether the client seeks reimbursement for the error and reimburse the client when requested. All errors which are to the client's benefit will remain in the client's account.

## **REVIEW OF ACCOUNTS**

### **Portfolio Management Accounts**

#### Reviews

All portfolio management clients will receive periodic portfolio reviews. Because of the limited universe of securities contained in client portfolios, *de facto* review will be continuous. Triggering factors of more frequent reviews will include a change in client circumstances, infusion or removal of assets (cash) from the client account, major market changes, economic events, interest rate movements or world events.

All accounts will be reviewed by Ms. Althea Skeels and Mr. Thomas Granite, both of whom are portfolio managers and officers of Cobble Hill.

### Reports

In addition to the statements sent by the client's custodian, client reports will be generated at least quarterly and will include an account statement, economic comments, and comments on the specific portfolio and its activity. Clients are urged to compare the account statement provided by the broker-dealer/custodian with those provided by Cobble Hill.

## **Consulting Services Accounts**

### Reviews

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

### Reports

Due to the nature of this service, Cobble Hill may not provide reports unless specifically contracted for at the inception of the advisory relationship.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Cobble Hill does not use solicitors or receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

## **CUSTODY**

Custody of client assets will be maintained with the independent custodian selected by the client. Cobble Hill will not have physical custody of any assets in the client's account. Cobble Hill may be permitted to direct payment of advisory fees from the client's custody account when authorized by the client. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Cobble Hill to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, and/or transfer of assets between and among client accounts as requested by the client, and the cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. *Clients are urged to carefully review account statements sent by their broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by Cobble Hill.*

## **INVESTMENT DISCRETION**

For those client accounts over which Cobble Hill has discretion, Cobble Hill requests that it be provided with written authority (e.g., limited power of attorney contained in Cobble Hill's Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

Cobble Hill generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. Cobble Hill's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Cobble Hill and the client.

## **VOTING CLIENT SECURITIES**

### **Proxy Voting**

The act of managing assets of clients may include the voting of proxies related to such managed assets. Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the investment adviser, the investment adviser has the fiduciary responsibility for (a) voting in a manner that is in the best interests of the client and (b) properly dealing with potential conflicts of interest arising from proxy proposals being voted upon.

Accordingly, Cobble Hill has instituted proxy voting policies and procedures that are designed to (1) ensure that proxies are voted in an appropriate manner and (2) complement Cobble Hill's investment policies and procedures regarding its general responsibility to monitor the performance and/or corporate events of companies which are issuers of securities held in managed accounts.

Cobble Hill's general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities (collectively, "proxies"), in a manner that serves the best interests of the client as Cobble Hill determines in its sole discretion, taking into account the following factors:

- The impact on the value of the securities;
- The costs and benefits associated with the proposal; and
- The customary industry and business practices.

Clients may request a copy of Cobble Hill's Proxy Voting Policies by contacting Thomas Granite, Chief Compliance Officer of Cobble Hill, at 856-231-7770.

### **Class Action Settlements**

Only upon the specific request of the client will Cobble Hill act on the client's behalf with respect to class action suits.

## **FINANCIAL INFORMATION**

### **Prepayment of Fees**

Because Cobble Hill does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Cobble Hill is not required to include a balance sheet with this disclosure brochure.

### **Financial Condition**

Cobble Hill does not have any adverse financial conditions to disclose.

### **Bankruptcy**

Cobble Hill has never been the subject of a bankruptcy petition.

## **PRIVACY NOTICE**

Cobble Hill views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Cobble Hill does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Cobble Hill may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Cobble Hill restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Cobble Hill. As emphasized above, it has always been and will always be Cobble Hill's policy never to sell information about current or former clients or their accounts to anyone. It is also Cobble Hill's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Cobble Hill's Privacy Policy, please contact Thomas Granite, Chief Compliance Officer of Cobble Hill at 856-231-7770.

## **CLIENT COMPLAINTS**

Clients may contact Thomas Granite, Chief Compliance Officer of Cobble Hill at 856-231-7770 to submit a complaint. Written complaints should be sent to Cobble

Hill Financial Services, Inc., 99 West Main Street, Suite 200, Moorestown, NJ  
08057.