

Taurus Asset Management, LLC

Part 2A of Form ADV

The Brochure

590 Madison Avenue
New York, NY 10022

www.taurusassetmanagement.com

Updated: March 2012

This brochure provides information about the qualifications and business practices of Taurus Asset Management, LLC (“Taurus” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 212-457-9922. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Taurus is an investment adviser that is registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Taurus is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

Taurus' most recent update to Part 2A of Form ADV was made in March 2011. Taurus' business activities have not changed materially since the time of that update.

Table of Contents

Material Changes	2
Table of Contents	2
Advisory Business	2
Fees and Compensation	3
Performance Based Fees and Side-by-Side Management	5
Types of Clients	5
Methods of Analysis, Investment Strategies and Risk of Loss	5
Disciplinary Information	6
Other Financial Industry Activities and Affiliations	6
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Brokerage Practices	6
Review of Accounts	8
Client Referrals and Other Compensation	8
Custody	8
Investment Discretion	8
Voting Client Securities	9
Financial Information	9

Advisory Business

Taurus primarily provides customized investment management services to high-net-worth individuals and associated trusts and estates, pension and profit sharing plans, charitable organizations, and other legal entities. Taurus generally invests client assets in domestic, multi-national and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

Taurus helps clients make financial planning decisions, allocate assets between various asset classes, and establish appropriate investment objectives and guidelines. On an ongoing basis, Taurus monitors clients' investments and has discretion to place trades. The Company tailors its services and investment advice to the needs of each client, and allows clients to impose reasonable restrictions on Taurus' management of their accounts.

Taurus also provides investment management services to a privately offered pooled investment vehicle, and an affiliate of the Company serves as the pool's general partner. This privately offered pooled investment vehicle is a "fund of funds" that generally invests directly and indirectly in other private funds. However, as of March 31, 2011 Taurus' fund was invested in cash as the Company seeks one or more new underlying fund of funds for investment.

The Company was founded in 2004 and is owned by Bradford Peck and Margery Flicker. As of February 29, 2012 Taurus managed \$579.4 million on a discretionary basis, and \$19.2 million on a non-discretionary basis.

Fees and Compensation

Investment Advisory Fees

Taurus charges fees quarterly in advance based on the following schedule:

<u>Assets Not Allocated to Fixed Income</u>	<u>Annual Fee</u>
First \$500,000	1.50%
Next \$2 million	1.25%
Next \$2.5 million	1.00%
Amounts in excess of \$5 million	0.75%

<u>Assets Allocated to Fixed Income</u>	<u>Annual Fee</u>
First \$20 million	0.50%
Amounts in excess of \$20 million	0.40%

Taurus and its clients agree on target allocations between fixed income and other asset classes. Actual allocations to various asset classes can differ from the agreed-upon targets that are used for billing purposes. Taurus seeks to make good faith recommendations regarding clients' asset allocations, but the lower advisory fees charged on fixed income assets poses a conflict of interest regarding recommended fixed income allocations.

Taurus' quarterly fees are typically collected in advance based on clients' capital balances at the start of each quarter. If a client terminates the investment management agreement in the middle of a billing period, the Company will automatically refund the client an amount that is pro-rated based on the number of days that the account was managed. Existing clients' capital contributions within a quarter will generally not be billed upon until the start of the next quarter. Similarly, clients will not receive a refund on partial redemptions made within a quarter.

Taurus typically imposes a minimum quarterly fee of \$1,875. However, the Company has waived or negotiated lower fees for certain clients, such as charitable organizations and Taurus' employees' immediate family members.

Most clients authorize Taurus to deduct fees automatically from their brokerage accounts, but clients may request that the Company send quarterly invoices to be paid by check.

To the extent that client assets are invested in mutual funds or ETFs, those assets will be subject to a second layer of management fees, commissions, and administrative costs that are borne directly by the pooled investment vehicles. Clients are responsible for paying brokerage commissions, which are described in greater detail below. Clients who custody their accounts away from J.P. Morgan Clearing Corp. may also be responsible for paying custodial fees.

Commissions

Taurus' Portfolio Managers are registered representatives of Northeast Securities ("Northeast"), a broker-dealer. The Company generally trades client assets through Northeast. Taurus' advisory fees are not reduced to offset the commissions charged by Northeast. This arrangement presents a conflict of interest because it gives the portfolio managers an incentive to recommend trades and investment products based on the compensation received, rather than on a client's needs. The Portfolio Managers receive a significant portion of the commissions charged by Northeast, and their roles as registered representatives of Northeast represent significant financial interests for each Portfolio Manager. Commissions will generally be charged in accordance with the following schedule:

COMMISSION SCHEDULE: EQUITIES (IN CENTS PER SHARE)

	Number of Shares								
<u>\$/Share</u>	<u>100</u>	<u>300</u>	<u>500</u>	<u>1,000</u>	<u>1,500</u>	<u>2,000</u>	<u>2,500</u>	<u>5,000</u>	<u>10,000</u>
5.00	0.12	0.12	0.11	0.09	0.09	0.08	0.08	0.07	0.06
10.00	0.18	0.16	0.14	0.14	0.13	0.12	0.11	0.09	0.08
15.00	0.22	0.19	0.19	0.17	0.16	0.14	0.13	0.11	0.09
20.00	0.27	0.25	0.23	0.21	0.18	0.16	0.15	0.12	0.11
25.00	0.31	0.29	0.26	0.23	0.20	0.18	0.16	0.14	0.12
30.00	0.35	0.32	0.30	0.26	0.21	0.19	0.18	0.15	0.14
35.00	0.38	0.36	0.33	0.27	0.23	0.21	0.20	0.17	0.15
40.00	0.41	0.39	0.37	0.27	0.25	0.22	0.21	0.19	0.15
45.00	0.44	0.43	0.39	0.30	0.26	0.24	0.23	0.20	0.16
50.00	0.46	0.46	0.42	0.32	0.28	0.26	0.24	0.22	0.17
60.00	0.52	0.52	0.47	0.35	0.31	0.29	0.27	0.25	0.19
70.00	0.52	0.52	0.50	0.38	0.34	0.32	0.31	0.26	0.20
80.00	0.52	0.52	0.52	0.42	0.37	0.35	0.34	0.28	0.22
90.00	0.52	0.52	0.52	0.45	0.41	0.38	0.37	0.30	0.24
100.00	0.52	0.52	0.52	0.48	0.44	0.42	0.40	0.32	0.26

The commission rates charged by Northeast to Taurus' clients are materially higher than those that are largely available to clients of other investment advisers that are similar to Taurus.

The commissions shown above are rounded to the nearest penny per share, but the actual commissions charged by Northeast will not be rounded. Commissions may vary under certain circumstances, and may be changed after giving written notice to clients. Certain clients have negotiated lower commission rates; in rare cases, no commissions are charged on transactions. A customary minimum commission is a \$35 ticket charge.

Despite this conflict of interest, Taurus will seek to manage each client's account in accordance with agreed upon investment guidelines and will recommend trades that are believed in good faith to be in each client's best interests.

Transactions in fixed income securities are subject to markups and markdowns imposed by third parties, rather than commission charges. Neither Taurus, nor the Portfolio Managers, receives any transaction-based compensation in connection with fixed income trades.

Management Fees and Performance Allocations for the Private Fund

Taurus does not charge investment advisory fees to clients for the portion of their assets allocated to the private fund that Taurus manages. Instead, an affiliate of Taurus collects a management fee and performance allocation directly from the fund, as described in the fund's offering documents. Taurus' fund is a "fund of funds," so it also indirectly pays management fees and performance allocations to underlying unaffiliated managers. Taurus' fund also bears direct and indirect administrative costs and commissions associated with its operation and the trading and operation of underlying private funds.

Performance Based Fees and Side-by-Side Management

Taurus does not charge performance fees to any separately managed accounts. Although Taurus' affiliate may receive a performance allocation from the private fund that Taurus manages, this fund is not invested side-by-side with any separately managed accounts.

Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Taurus.

Types of Clients

Taurus primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. Taurus' minimum account size is generally \$1 million, but this amount is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Taurus' Portfolio Managers and Senior Research Analyst conduct fundamental research on individual stocks and bonds. Taurus uses a security-by-security approach to constructing client portfolios, and monitors clients' exposures to various asset classes, geographic regions, and industry sectors on an ongoing basis. Taurus may apply a technical overlay to its fundamental analysis when determining asset allocations or the timing of trades. Mutual funds and ETFs are sometimes used to adjust clients' portfolio-level exposures.

Sources of research information used by Taurus' investment professionals include, among other things, trade journals, statistical materials and analyses, company presentations and interviews, contact with outside analysts and consultants, and evaluations of the likely financial consequences of world events.

Taurus is currently looking for a new fund of funds in which the Taurus Absolute Return Fund can invest. Some important criteria used in the selection process are as follows: The fund of funds should have a reasonably long track record of good performance. The fund of funds should have substantial assets under management and a very strong management team with significant experience in the hedge fund business. The manager should have access to a significant number of hedge funds that are considered the best in class. The management teams should also have excellent reputations individually and within the industry.

All investing involves a risk of loss, so Taurus seeks to invest each client account in a way that is consistent with the client's risk tolerance and investment objectives.

Disciplinary Information

Taurus and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Company or its personnel.

Other Financial Industry Activities and Affiliations

As noted above, Taurus' Portfolio Managers and several other employees are registered representatives of Northeast. These affiliations, and the associated conflicts of interest, are described in detail in the Fees and Compensation portion of this brochure.

Taurus and its employees do not have any other relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Taurus has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires Taurus and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Taurus' restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of Taurus' code of ethics is available upon request.

Taurus' employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and do not increase the transaction costs borne by clients. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled, and employees are strictly prohibited from front-running client accounts. Employees are generally prohibited from trading opposite client accounts and may never buy securities from, or sell securities to, a client. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

As noted previously, Taurus manages a private fund, and an affiliate receives management fees and performance allocations from that fund. The management fees and performance allocations paid by the fund to Taurus' affiliate could exceed Taurus' standard management fees. This potential difference in fees could pose a conflict of interest in connection with Taurus' recommendation that certain clients allocate assets to the private fund.

Brokerage Practices

Taurus generally recommends that clients arrange for their assets to be held by J.P. Morgan Clearing Corp. and traded by Northeast, both registered broker-dealers. The Company believes that J.P. Morgan Clearing Corp. and Northeast are appropriate broker-dealers for clients. Among

other things, Taurus believes that these broker-dealers do a good job of following the Portfolio Managers' trading instructions, protecting client confidentiality, executing transactions at prevailing market rates, and settling transactions correctly in a timely manner. As noted previously, Taurus' Portfolio Managers are registered representatives of Northeast and receive a significant portion of the commissions that clients pay to Northeast. This arrangement poses a material conflict of interest in connection with Taurus' recommendation that clients select J.P. Morgan Clearing Corp. to hold and Northeast to trade their accounts.

Northeast provides Taurus with access to certain research reports and analyses. From time to time Taurus also trades securities through Morgan Stanley, rather than Northeast, in order to obtain access to research provided by Morgan Stanley. The Portfolio Managers monitor the amount of research obtained from, and trades placed through, Morgan Stanley. To the extent that the Portfolio Managers determine that the trading volume has not adequately compensated Morgan Stanley for the amount of research received, Taurus may direct trades to Morgan Stanley with greater frequency. The research that Taurus receives primarily consists of reports and analysis prepared by sell-side broker/dealers, access to company managements and conferences, and a subscription to Thomson Reuters information services. Although not all clients will participate in each trade that generates research credits, Taurus may use the research it receives for the benefit of any or all clients. When trading through Morgan Stanley, Taurus' clients will pay commissions that are the same or lower than the Northeast rates listed in the *Commissions* section of this brochure. However, the commissions charged by Northeast and Morgan Stanley are materially higher than those that are largely available to clients of other investment advisers that are similar to Taurus. The Company benefits from the receipt of research from Northeast and Morgan Stanley because Taurus does not need to generate or pay for the research. This benefit poses a conflict of interest that could influence Taurus' selection of trading counterparties or trading frequency.

Best Execution Reviews

Certain other investment advisers customarily evaluate a variety of broker-dealers when seeking best execution for client trades. However, substantially all of Taurus' trades are executed through Northeast, and the Company does not consider the costs or services available through other broker-dealers.

On at least an annual basis Taurus' Portfolio Managers evaluate the services offered by Northeast to ensure that Northeast continues to follow the Portfolio Managers' trading instructions, protect client confidentiality, execute transactions at prevailing market rates, and settle transactions correctly in a timely manner.

Aggregated Trades

Taurus typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades that are fully executed in a single day. If an order is partially filled at the end of a day, clients will have their orders fully filled on a randomized basis; Taurus will seek to complete any unfilled client orders on the next trading day. Employees are excluded from

bunched trades whenever client orders are only partially filled. Taurus may cross fixed income securities between client accounts, but only if it benefits both the buyer and seller.

Client Referrals

Taurus does not compensate Northeast or any other custodian or broker/dealer for referring client accounts.

Review of Accounts

Taurus' Portfolio Managers are responsible for reviewing clients' accounts on an ongoing basis. Each account is reviewed in detail at least annually, with interim reviews conducted more frequently. Interim reviews may be triggered by changes in clients' investment mandates or economic developments. The Portfolio Managers also periodically review reports showing clients' holdings, asset class exposures, and returns. Reviews of these reports can prompt more detailed analyses of client accounts.

J.P. Morgan Clearing Corp., or any other custodian selected by a client, provides clients with reports showing trading activity and holdings on at least a quarterly basis. Custodians also provide clients with confirmations for all trades placed in client accounts.

The Taurus Absolute Return Fund sends out monthly performance and quarterly account balances and will send audited financial statements to all investors in the Fund.

Client Referrals and Other Compensation

Taurus does not compensate any third parties for referring clients. As noted previously, Northeast provides compensation to Taurus' Portfolio Managers in their capacities as registered representatives of Northeast. This arrangement poses conflicts of interest, which are described in the *Fees and Compensation* and *Brokerage Practices* sections of this brochure.

Custody

Taurus is deemed to have custody of client assets because of its ability to debit advisory fees directly from client accounts. J.P. Morgan Clearing Corp. and any other qualified custodians that hold client assets send clients account statements showing all holdings and account activity on at least a quarterly basis. Clients should carefully review the account statements they receive from their qualified custodian. Clients should compare any account information provided by Taurus with the information provided directly by their account's custodian.

Investment Discretion

Taurus has investment discretion over all clients' accounts. Clients grant Taurus trading discretion through the execution of a limited power of attorney included in Taurus' advisory contract.

Clients can place reasonable restrictions on Taurus' investment discretion. For example, a client might ask Taurus not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

It is Taurus' policy not to accept the authority to vote proxies or opine on clients' participation in class actions.

Financial Information

Taurus has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.