

## **Aft, Forsyth and Company, Inc.**

400 Royal Palm Way  
Suite 410  
Palm Beach, FL 33480  
December 31, 2011

This brochure provides information about the qualifications and business practices of Aft, Forsyth and Company, Inc. If you have any questions about the contents of this brochure, please contact us at 561-296-6680 and/or [david@aftforsyth.com](mailto:david@aftforsyth.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 Aft, Forsyth and Company, Inc. is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2: Material Changes**

There have not been any material changes since our last update on September 15, 2011.

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#### **Item 4: Advisory Business**

AFC provides discretionary and non-discretionary portfolio management services where the investment advice provided is custom tailored to meet the investment objectives of the client based upon risk tolerance, time horizon, and income and liquidity needs. Subject to any written guidelines, which the client may provide, the Firm will be granted discretion and authority to manage the account. Accordingly, AFC is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold, the amount of securities to be purchased/sold, the broker/dealer to be used, and the commission rates to be paid. Once the portfolio is constructed, AFC provides continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require. Where AFC enters into non-discretionary arrangements with clients, the Firm will obtain client approval prior to the execution of a trade. As of July 31, 2011, AFC had total assets under management of \$550,680,308 with \$205,883,824 of discretionary assets and \$344,796,482 of non-discretionary assets. For the nondiscretionary assets, the firm makes recommendations, executes trades and monitors the accounts on at least a monthly basis. Therefore these assets are included as part of the total firm's assets for regulatory asset aggregation.

#### **Item 5: Fees and Compensation**

The annual fee for portfolio management services is billed monthly in arrears based on the asset value at the end of the month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a month. The payment of fees for portfolio management services will be made via a direct debit by the qualified and independent custodian holding the clients' funds and securities. On an annualized basis, AFC's fees for portfolio management services, subject to negotiation, are as follows:

<b>Portfolio Size</b>		<b>Annualized Fee</b>
first	\$2,000,000	1.25%
next	\$3,000,000	1.00%
over	\$5,000,000	0.80%

The Firm may allow accounts of members of the same household to be aggregated for purposes of meeting the minimum account size. AFC may allow such aggregation, for example, where the Firm services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts.

Payment of AFC's management fees will be made by the qualified custodian holding the client's funds and securities provided the client supplies written authorization permitting the fees to be paid directly from the account. AFC will not have access to client funds for payment of fees without written consent by the client. Further, the qualified custodian agrees to deliver a monthly account statement directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy. AFC will receive a duplicate copy of the statement that was delivered to the client. The client may terminate the portfolio management agreement within five days of the date of execution without penalty to the client. After the five-day period, either party may terminate the agreement by providing 30 day written notice to the other party.

AFC nor any of its employees receive compensation for the sale of securities or any other investment products.

#### **Item 6: Performance Based Fees and Side-By-Side Management**

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

#### **Item 7: Types of Clients**

AFC generally provides investment advice for individual and trust accounts.

For new clients, AFC generally imposes a minimum of \$2,000,000 to open and maintain an advisory account. However, this account minimum may be waived at the discretion of AFC if, for example, the client appears to have significant potential for increasing assets under management. Also in its discretion, AFC may household client accounts to meet the stated minimum.

#### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

AFC combines the use of fundamental, technical, general market and economic analysis for security selection, investment strategy and advice, and managing assets. Data for the analysis is derived from numerous sources to mitigate investment bias and dependence on a single source. AFC selects securities that are traded on established markets, although investing in securities involves risk of loss that clients should be prepared to tolerate.

AFC's strategies utilize investments that primarily employ the use of cash, equities and fixed income. Within the equity strategy various styles (growth and value) along with various disciplines (large, mid, and small capitalization companies along with international and emerging market companies) are utilized by investing in individual companies or Exchange Traded Funds (ETF's). The material risks associated with investing in equities include change in value due to market fluctuations, company specific risk, and sovereign risk of the international markets.

Fixed income (bond) strategies include investment in government securities, municipal bonds, preferred stocks, mutual funds and fixed income ETF's. The material risks associated with fixed income investments are changes in interest rates and issuer risk or default risk.

Based on proprietary market analysis, AFC may, at various times, use cash or cash equivalent investments to protect clients' principal balances as a substitute for equity or fixed income strategies. AFC may redeploy the cash or cash equivalent investments into equity or fixed income strategies when it is determined to be most appropriate for the client.

### **Item 9: Disciplinary Information**

Other than the regulatory action disclosed below, neither Aft, Forsyth and Company nor any of its owners or employees have ever been charged or convicted of any legal or disciplinary events.

While employed with Aft, Forsyth and Company, Inc., Charles Sober was involved in a regulatory action initiated by the Florida Office of Financial Regulation. The Office found that during the period from May 2010 through April 2011, Mr. Sober engaged in investment advisory business from offices within the state without the benefit of lawful registration in the State of Florida pursuant to Section 517.12(4), F. S. On July 26, 2011, the Office of Financial Regulation entered a final order adopting the Stipulation and Consent Agreement in the matter of Charles T. Sober, Jr. Mr. Sober neither admitted nor denied the findings but consented to the entry of findings by the Office. Mr. Sober agreed to cease and desist from all present and future violations of Chapter 517, F.S. and the administrative rules thereunder. He paid the administrative fine of \$5,000 on July 21, 2011. The Office agreed to approve Mr. Sober's application as an associated person (RA) with Aft, Forsyth and Company, Inc. effective July 26, 2011. The unregistered activity at issue in this matter was a result of an administrative oversight on the part of Aft, Forsyth And Company, Inc.

### **Item 10: Other Financial Industry Activities and Affiliations**

Aft, Forsyth and Company currently own 15% of Aft, Forsyth & Bent a registered investment adviser with the SEC.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As these situations may represent a conflict of interest, AFC has established the following restrictions in order to ensure its fiduciary responsibilities:

AFC emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.

Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.

No associated person of the Firm shall prefer his or her own interest to that of the advisory client. Investment opportunities must be offered first to clients before AFC or associated persons may participate in such transactions.

AFC and its associated persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance from the Compliance Officer. Moreover, access persons are subjected to a blackout period of no less than 1 day prior and subsequent to the placement of a trade in a specific security for an advisory client.

AFC and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Compliance Officer.

The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. A qualified representative of the Firm will review these records on a regular basis.

Any individual not in observance of the above may be subject to termination.

The full text of AFC's Code of Ethics is available to you upon request.

Footnotes:

(1) This investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of AFC's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with AFC's records in the manner set forth above.

(2) The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest.

In accordance with Section 204-A of the Investment Advisers Act of 1940, AFC also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by AFC or any person associated with AFC.

## **Item 12: Brokerage Practices**

Generally, clients grant AFC complete discretion over the selection and amount of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid for their account without obtaining their prior consent or approval. However, AFC's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, restrictions or prohibitions of transactions in the securities of a specific industry, and/or directed brokerage. Where AFC enters into non-discretionary arrangements with clients, the Firm will obtain client approval prior to the execution of a trade.

### **Suggestion of Brokers**

In selecting a broker dealer based on discretionary authority or in suggesting a broker dealer on behalf of a non-discretionary account, AFC will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. Also, AFC may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

## **Directed Brokerage**

Clients who may want to direct the Firm to use a particular broker should understand that this may prevent AFC from aggregating orders with other clients or from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent AFC from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities they will obtain through their broker are adequately favorable in comparison to those that AFC would otherwise obtain for its clients.

## **Soft Dollars**

Beyond a broker's ability to provide the "best execution," AFC will also consider the value of "research" and additional brokerage products and services a broker-dealer has provided or will provide. This is known as paying for those services or products with "soft dollars." Because such services could be considered to provide a benefit to AFC, and because the "soft dollars" used to acquire them are client assets, the Firm could be considered to have a conflict of interest in allocating client brokerage business. AFC could receive valuable benefits by selecting a particular broker or dealer to execute client transactions, and the transaction compensation charged by that broker or dealer might not be the lowest compensation the Firm might otherwise be able to negotiate. In addition, the Firm could theoretically have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services. AFC will use such products and services for all client accounts, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

AFC's use of soft dollars is done in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. That is, before placing orders with a particular broker, AFC generally determines, considering the factors described above, that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

## **Miscellaneous**

### **Aggregation of Orders**

Each portfolio manager generally will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. Orders from different portfolio managers may be aggregated if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account will receive the weighted average share price for all transactions in a particular security effected to fill such orders on a given business day. Transaction costs will be shared pro rata based upon each account's participation in the transaction.

Allocations of orders among client accounts must be made in a fair and equitable manner. As a general rule, allocations among accounts with the same or similar investment objective are made pro rata based upon the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. Specific allocations may be chosen based upon an account's existing positions in securities.



2. Specific allocations may be chosen because of the cash availability of one or more particular accounts.
3. Specific allocations may be chosen based on a partial fill of the block trade.
4. Specific allocations may be chosen for tax reasons.
5. Specific allocations may be chosen based on required minimum trade lot sizes for foreign securities.

### **Item 13: Review of Accounts**

Larry Aft, President will review client accounts on a quarterly basis to ensure the advisory services provided to the client are consistent with the client's investment needs and objectives. AFC will offer clients a formal account review on an annual basis or more often upon request from the client. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account and the client's request for an additional review.

### **Item 14: Client Referrals and Other Compensation**

Aft, Forsyth and Company nor any of its owners or employees provide investment advice to anyone who is not a client. Also, Aft, Forsyth and Company does not person for client referrals.

### **Item 15: Custody**

Aft, Forsyth and Company does not custody any client assets. All client assets are currently held at Charles Schwab, Royal Bank of Canada or Northern Trust. All custodians will provide the client with monthly statements and Aft, Forsyth and Company urges all clients to review the statements provided by the custodian.

### **Item 16: Investment Discretion**

Generally, clients grant AFC complete discretion over the selection and amount of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid for their account without obtaining their prior consent or approval. However, AFC's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, restrictions or prohibitions of transactions in the securities of a specific industry, and/or directed brokerage. Where AFC enters into non-discretionary arrangements with clients, the Firm will obtain client approval prior to the execution of a trade.

### **Item 17: Voting Client Securities**

AFC will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client's assets may be invested. Although AFC may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise

of proxy voting rights.

**Item 18: Financial Information**

Not Applicable. Aft, Forsyth and Company does not accept prepayment of fees of more than six months in advance.

## **Part 2B of Form ADV: Brochure Supplement**

### **Item 1: Cover Page**

Larry Aft  
400 Royal Palm Way  
Suite 410  
Palm Beach, FL 33480  
Tel. 561-296-6680  
As of 12/31/2010

This brochure supplement provides information about Larry Aft that supplements the Aft, Forsyth and Company, Inc. brochure. You should have received a copy of that brochure. Please contact David Forsyth if you did not receive Aft, Forsyth and Company's brochure or if you have any questions about the contents of this supplement.

Additional information about Larry Aft is available on the SEC's website at [www.advisoerinfo.sec.gov](http://www.advisoerinfo.sec.gov).

### **Item 2: Educational Background and Business Experience**

Year of Birth: 1957

#### **Formal Education after High School:**

University of Missouri, Columbia, BSBA, Accounting, 1980.

#### **Business Background for the Previous Five Years:**

Aft Forsyth & Company Inc., President, 09/2005 to Present.

Harvey Capital Management, President, 03/2003 to 10/2005

Bank of America, Senior Portfolio Manager, 09/1996 to 03/2003

### **Item 3: Disciplinary Information**

Larry Aft has no legal or disciplinary events.

### **Item 4: Other Business Activities**

Larry Aft has no other business activities.

### **Item 5: Additional Compensation**

Larry Aft has no additional compensation.

**Item 1: Cover Page**

David Forsyth  
400 Royal Palm Way  
Suite 410  
Palm Beach, FL 33480  
Tel. 561-296-6680  
As of 12/31/2010

This brochure supplement provides information about David Forsyth that supplements the Aft, Forsyth and Company, Inc. brochure. You should have received a copy of that brochure. Please contact David Forsyth if you did not receive Aft, Forsyth and Company's brochure or if you have any questions about the contents of this supplement.

Additional information about David Forsyth is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Educational Background and Business Experience**

Year of Birth: 1975

**Formal Education after High School:**

Florida Atlantic University, BS, Finance, 1997.

**Business Background for the Previous Five Years:**

Aft Forsyth & Company Inc., Vice-President/Chief Compliance Officer, 09/2005 to Present.  
Harvey Capital Management, Investment Officer, 07/2002 to 10/2005.

**Item 3: Disciplinary Information**

David Forsyth has no legal or disciplinary events.

**Item 4: Other Business Activities**

David Forsyth has no other business activities.

**Item 5: Additional Compensation**

David Forsyth has no additional compensation.