

# **Knott Asset Management, LLC**

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March 23, 2012

CRD # 141640

This Brochure provides information about the qualifications and business practices of Knott Asset Management, LLC (which we refer to in this brochure as “KAM,” “we,” “us,” our”). If you have any questions about the contents of this Brochure, please contact Linda C. Carley, Chief Compliance Officer, at (617) 575-7110. 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.

KAM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about KAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure replaces the prior version dated as of May 30, 2011. Therefore, it describes the policies of our firm in effect on and after March 23, 2012.

There are no material changes from the prior brochure. However, please refer to the Brochure Supplement regarding changes in our personnel.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

If we replace this Brochure with a new version, we will provide you with the new Brochure.

You can request our Brochure by contacting Linda C. Carley, Chief Operating Officer, at (617) 575-7110 or lcarley@knottasset.com.

The SEC's website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) offers additional information about Knott as well as information about any persons affiliated with Knott who are registered, or are required to be registered, as investment adviser representatives of Knott.

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## Item 4 – KAM’s Advisory Business

KAM is registered with the Securities and Exchange Commission as an investment adviser. It is principally owned by NPI Capital, LP, a privately-owned Delaware limited partnership.

Prior to May 2, 2011, KAM was named “Vedette Asset Management, LLC.” On that date, we purchased certain investment management assets of CAK Asset Management, Inc. (which did business under the name of “Knott Capital”) and changed our name to Knott Asset Management, LLC. We are carrying out the investment management businesses formerly conducted by us under the name of “Vedette” and the separately managed account business formerly carried out by CAK Asset Management, Inc.

KAM provides investment advisory services in the form of active portfolio management, for individuals, trusts, foundations, small businesses, retirement plans, and other entities on a discretionary basis.

We assist clients, or their financial advisers, in establishing suitability requirements to help assure that our investment strategies are aligned with clients’ financial situation and investment objectives.

Knott offers portfolio management in the form of four products:

### **1) Dual Contract (Model-based) Accounts**

In a Dual Contract Account, the client executes two investment agreements. The first is a client agreement with the client’s preferred Designated Broker, or the Primary Advisor; the second (a “Knott Investment Advisory Agreement”) is with Knott as Investment Manager. This type of account represents the majority of our assets.

For model-based accounts, we manage several different strategies, including a Large-Cap Core strategy, a Global Flex Equity strategy, and Balanced strategy. Accounts are managed individually and tied to a model portfolio, except for custom-designed portfolios for a particular client. The Investment Advisory Agreement contains a client suitability assessment, which ensures that our investment strategies are appropriate for a new client’s financial situation and investment objectives.

### **2) Sub-advisory (Wrap) Accounts**

We manage separate accounts on a sub-advisory or wrap basis for several broker-dealers. In a wrap account, a client’s primary brokerage firm, or the “Wrap Program Sponsor”, manages an investor’s portfolio for a flat quarterly or annual fee. This fee covers all administrative, commission and management expenses, including fees paid to KAM. Like our dual contract clients, these accounts are managed individually and tied to a model portfolio. Client

suitability is the responsibility of the Program Sponsor, who also performs due diligence on KAM to ensure our strategies are appropriate for the client's situation.

### **3) Dual Contract Directly Managed Accounts**

We manage dual contract accounts individually for clients with specific investment objectives and/or restrictions which preclude them from investment in our model portfolio.

### **4) Single Contract Accounts**

We manage accounts individually for clients with no intermediary, by signing an Investment Advisory Agreement directly with the client. These are completely customized portfolios, and are available to clients with at least \$2,000,000 in assets, although we may make exceptions to that minimum from time to time at our discretion. After an initial meeting with such clients, we provide them with an Investment Policy Statement, which describes the manner in which the accounts will be invested.

## **Tailoring of Advisory Services**

KAM tailors its advisory services in the following ways according to the type of account:

- 1) Dual Contract (Model Based) Accounts: Clients may place restrictions on investing in specific securities, provided that the total number of restricted securities does not prevent us from building a diversified portfolio.
- 2) Sub-advisory (Wrap) Accounts: Like with Dual Contract Accounts, clients may place restrictions on investing in specific securities, provided that the total number of restricted securities does not prevent us from building a diversified portfolio. Also, such restrictions are subject to the approval of the Program Sponsor.
- 3) Dual Contract (Directly Managed) Accounts: Clients may impose investment restrictions for pre-determined securities, provided that the total number of restricted securities does not prevent us from building a diversified portfolio. In addition to these restrictions, we will customize portfolios with specific cash-withdrawal needs or changing risk tolerance. This may include buying higher yielding securities or introducing lower risk/lower reward investments such as cash or bonds.
- 4) Single Contract Accounts: In general, Single Contract Accounts are individually tailored to the needs of the each client, and the portfolios are designed to meet specific.
- 5) Mutual Fund: We are not able to customize investment advisory services for mutual fund shareholders, due to the nature of mutual funds, which invest assets collectively with a unitary investment strategy.

## **Assets Under Management**

As of December 31, 2011, we managed approximately \$90,000,000 of client assets on a discretionary basis, and \$11,000,000 of non-discretionary assets.

## **Periodicals and Reports**

KAM's investment team issues periodicals and periodic reports which may include reference to individual securities:

- **KAM Commentary:** This report, typically released on a monthly basis, includes information regarding the macroeconomic views of the investment team and how they influence our current portfolio positioning. Our commentary is available on our website and is distributed to those clients and financial advisors who request it.
- **KAM Trading Update:** Members of the investment team collaborate to produce this report, which is issued to financial advisors who request it via email. The report covers recent activity in our model portfolio and includes buy and sell rationale regarding individual securities in the portfolio.
- **KAM Quarterly Performance Report:** For those clients who request it, we produce a quarterly performance report, which includes client specific information such as account holdings, trading activity, performance and fees.
- **KAM Sales & Marketing Reports:** For clients and prospective clients, we produce several reports at each quarter end including our Client Presentation and our Performance Summary Fact Sheet. These reports are approved for the general public and available on our website.

## **Wrap Fee Participation**

Wrap Fee Sponsor Names: We do not sponsor wrap Fee Programs, but do participate as a sub-advisor to the following wrap program sponsors:

| <b><u>Wrap Sponsor</u></b>                           | <b><u>Wrap Program Name</u></b>                                          |
|------------------------------------------------------|--------------------------------------------------------------------------|
| Stifel Nicolaus                                      | Stifel Managed Assets Program (SMAP)                                     |
| Credit Suisse Securities/via Lockwood Advisors, Inc. | Preferred Advisors Program                                               |
| Regent Retirement Planning Inc.                      | As designated by Wrap Program Sponsor Advisor—management of assets only. |
| Adhesion Technologies, Inc.                          | Wealth ADV Model Data                                                    |
| WAKM Financial Advisors LLC                          | As designated by Wrap Program Sponsor Advisor—management of assets only  |
| Wells Fargo Advisers                                 | Wells Private Network                                                    |
| Capitol Securities/via Lockwood                      | Managed Account Command                                                  |

Advisors, Inc.

Capitol Securities/via Lockwood  
Advisors, Inc.

Managed Account Command

TD Ameritrade

Separate Account Exchange

Essex Financial/via Lockwood  
Advisors, Inc.

Managed Account Command

UBS

Managed Account Command

(2) Differences between the management of wrap fee accounts versus other accounts: Wrap Fee accounts are included in our composite and use the same investment methodology that our Dual Contract (Model-based) accounts and the Fund share. Wrap Fee accounts are included in our trade-allocation software to ensure fair execution of trades and mitigate performance dispersion.

(3) How does KAM earn a wrap fee? For wrap accounts, KAM has a signed sub-advisory agreement with each Wrap Program Sponsor which details the fee assigned to KAM. The fee is paid by the Fund Sponsor Broker-dealer on a quarterly basis as a percentage of assets under management by KAM and represents a portion of the all-inclusive wrap fee charged to the client.

## Item 5 – Fees and Compensation

We have different fee structures for different types of accounts:

(1) **For Dual Contract (Model Based) and Sub-advisory (Wrap) Accounts**, KAM’s standard fee schedule for investment advisory services is determined as a percentage of assets under management (“AUM”) and calculated as follows:

| <b>Market Value of AUM</b> | <b>Fee (Annual Rate)</b> |
|----------------------------|--------------------------|
| \$ 0 – 5,000,000           | 1.00%                    |
| > \$ 5,000,000             | 0.75%                    |

Fees may be subject to negotiation or modification depending upon the nature of the service, the particular circumstances of the client or otherwise. Fees for sub-advised relationships, including all wrap relationships, are negotiated with each Program Sponsor, and will vary. Investment advisory fees are payable quarterly based upon the prior quarter end market value of assets under management. In the event that a separate account termination occurs, any fees paid in advance shall be refunded on a pro rata basis from the effective date of termination to the next quarter end.

**(2) For Dual Contract (Directly Managed) and Single Contract Accounts,** KAM's standard fee schedule for investment advisory services is determined as a percentage of assets under management and calculated as follows:

| Market Value of Assets | Fee   |
|------------------------|-------|
| \$ 0 – 5,000,000       | 1.00% |
| > \$ 5,000,000         | 0.75% |

KAM reserves the right to make exceptions to the stated management fee schedule, resulting in lower management fees or fees that may be calculated over a time frame other than the calendar quarter, at our discretion. Also, employees of KAM and any affiliated firms are entitled to lower or no management fee arrangements for their personal accounts and those of family members. For a small percentage of our directly managed accounts, we offer a fixed fee alternative to the asset-based fee in which the client agrees to pay a fixed fee each quarter, based on services provided. The fixed fee is negotiable based on AUM. These fees are payable quarterly, and for the fees that are based on a rate applied to the AUM, are based upon the prior quarter end market value of AUM. In the event that a directly managed account termination occurs, any fees paid in advance will be refunded on a pro rata basis from the effective date of termination to the end of the then current calendar quarter. We determine the amount of the refund by dividing the fee paid in advance by the number of days in the calendar quarter and multiplying the quotient by the number of days remaining in the calendar quarter after the date of the termination of the advisory contract.

We send each client a detailed invoice each quarter, and in most cases, directly debit the client's custodial account. In some cases, we send a separate invoice to the client. We do not directly debit management fees from tax-sheltered accounts such as retirement accounts.

Clients (with the exception of wrap account clients) will incur commission charges, other charges relating to trading, custodial fees, mutual fund expenses, and other potential expenses and transaction costs in connection with our advisory services. Please review Item 12 of this Brochure ("Brokerage") for a more detailed description of commission costs.

For wrap account clients, all advisory investment management fees, including fees charged by KAM, custodian fees, brokerage fees and other expenses of the account are included in the single wrap account fee charged to the client. Information regarding the wrap account fee, and, in certain cases, the fee components, is provided to the wrap account clients by the Wrap Program Sponsor with respect to each wrap account. KAM's wrap account clients may also request information regarding the wrap account fee and the component of the fee represented by KAM's investment management fee from the wrap account sponsor.



## **Item 6 – Performance Based Fees & Side-by-Side Management**

We do not charge performance-based fees (that is, fees based on a share of any capital gains on, or capital appreciation of, a client's assets).

## **Item 7 – Types of Clients**

KAM's clients include individuals, trusts, retirement accounts, foundations, small business, corporations, charities, estates, pension plans, and other business entities. For Dual Contract and Wrap Accounts, we require a minimum of \$100,000 to open an account. For Single Contract Accounts, we require a minimum \$2,000,000 in total relationship size. However, we may make occasional exceptions to this from time to time at our discretion.

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

At KAM, we believe in concentrating equity investments in companies that hold sustainable competitive advantages, have excellent management, and exhibit compelling valuations. In this way, our strategy is influenced by traditional "value" portfolio management philosophy. We believe having the discipline to focus on these core characteristics will enable us to most effectively protect and grow our clients' wealth for the future. Our intention is to hold most purchased securities for several years, but circumstances may warrant that a holding be eliminated, or reduced, within one year.

The hallmark of managing 'investment risk' (defined as the possibility for permanent loss of investment capital) is diversification, so we typically advocate that a client invest in a portfolio structure that includes some amount of cash, equity, and fixed income securities. Within the equity portion of portfolios managed by Knott, most accounts will hold between twenty-five and fifty securities. For accredited investors, Knott may employ other strategies including, among others, the purchase of illiquid unregistered securities such as private limited partnerships.

***Investing in securities of any type or asset class involves risk***, including risk of loss of principal, which a client should be prepared to bear. Although all investments involve risk, some asset classes, such as equities, involve more risk than others, and specific investments within each class will also vary in riskiness. Higher-risk investments have the potential for higher returns but also for greater losses.

## Item 9 – Disciplinary Information

We have no legal or disciplinary information to disclose in this section.

## Item 10 – Other Financial Industry Activities and Affiliations

We have no other activities or affiliations that need to be disclosed in this section.

## Item 11 – Code of Ethics

We have adopted a Code of Ethics (the “Code”), as required of all investment advisers. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our supervised persons must acknowledge the terms of the Code of Ethics annually or as amended. We will provide a copy of the Code to any client or prospective client upon request.

Our employees and associated persons are required to follow the Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of KAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code is designed to assure that the personal securities transactions, activities and interests of the officers, directors and employees of KAM will not interfere with (i) making decisions in the best interests of advisory clients and (ii) implementing such decisions while, at the same time, allowing officers, directors and employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close time proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit officers, directors and employees to invest in the same securities as clients, there is a possibility that officers, directors and employees might benefit unintentionally from market activity by a client in a security held by an officer, director or employee. Trading by officers, directors and employees is regularly monitored under the Code to prevent conflicts of interest between KAM and its clients and to prevent KAM or its officers, directors or employees from benefitting at clients’ expense.

## Item 12 – Brokerage Practices

**Broker Selection & Best Execution:** Obtaining the best trade execution is an important aspect of every trade that we place for clients who have given us discretion to choose the executing broker. The Investment Committee administers our Best Execution Policy and selects the brokers to use to

execute trades. This committee determines the reasonableness of the brokers' compensation based on the range and quality of the broker's services. The services considered in making the best execution decision include execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness. This committee review and selection process applies to Single Contract (Directly Managed) accounts, and some Dual Contract (Model Based) accounts, but no Sub-Advisory (Wrap) accounts.

We use trade execution management systems to ensure proper trade management, including fair order allocation and best execution. Controls are in place for monitoring execution in clients' portfolio transactions, including reviewing trades for best execution. For Dual Contract (Directly Managed) Accounts, clients designate preferred custodians. Generally, 99% of these clients designate preferred broker-dealers ("Directed Brokerage").

For accounts where the client does not designate the preferred broker dealer, our Chief Investment Officer is responsible for ensuring that executions are done promptly and fairly. Our criteria for selecting broker-dealers to execute transactions will be based on:

- The reputation and financial strength of the broker-dealer;
- The ability of the broker-dealer to handle block orders;
- The ability of the broker-dealer to give the best price in the market;
- The ability of the broker-dealer to give prompt execution;
- The accuracy of reports and confirmations provided by the broker-dealer; and
- The type and quality of research that the broker-dealer can provide.

We will ensure that any soft dollar arrangements are fully disclosed to the client prior to engaging in these types of transactions. In addition, the Investment Committee and the Chief Compliance Officer will periodically review transactions and soft dollar compensation arrangements to ensure fairness and reasonableness to clients.

When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services that are provided by the broker-dealer, either directly or through a third party. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than basing the selection on our interest in receiving best execution for our clients. We use soft dollar benefits to service all of our client accounts, and not just those that paid for the research or brokerage benefits. We do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Main uses of soft dollars in the past year include:

1. Economic research; and
2. Fundamental research on individual securities.

**Directed Brokerage:** We permit clients to direct brokerage, but do not recommend, request or require a client to direct brokerage. More than 80% of our account base uses directed brokerage. Directed brokerage occurs when a client “directs” us “in writing” to use a certain broker-dealer(s) for execution of trades. Under these circumstances, we still have a fiduciary obligation to disclose to the client the effect of the client’s directing brokerage. Directing brokerage may cost a client more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

It is our policy always to aggregate orders when possible – that is, executing one large trade (“block trade”) with a broker and allocating the shares, with the same average price, over numerous or all client accounts. In the cases where we are unable to include a client’s accounts in a block trade, it is possible the client will receive an inferior or more expensive execution. Examples of accounts we cannot include in a block trade are directed brokerage accounts, and very small accounts which pay custodial fees for transacting with a third-party broker.

## **Item 13 – Review of Accounts**

Members of KAM’s Investment Committee use Advent Portfolio Accounting Software and Reporting to review portfolios at each quarter-end. Our reviews focus on compliance with established investment composite guidelines and verification that performance is in line with applicable models. Certain client portfolios (especially Directly Managed Accounts) may receive additional reviews due to additional client-directed activity (e.g., cash infusion or dissemination, tax harvesting, etc.); change in market conditions; re-balancing of assets to maintain proper asset allocation; trading signals and other similar activities.

The client is encouraged to notify us and/or his or her primary adviser (the “Primary Adviser”) at any time if changes occur in his or her personal financial situation that might materially affect investment planning. Account types, frequency of reviews and reports, and the names of the reviewers for the KAM managed account types are separately described below. Commentaries, presentations and composite performance can be viewed by clients and the public on our website at [www.knottasset.com](http://www.knottasset.com).

### **(1) Dual Contract Account (Model Based) Review**

**Frequency of Reviews:** The KAM Composite suitability requirements mandate that the client’s stated investment goals, investment strategies, investment restrictions and risk tolerances are provided to us at account inception by the client and the Primary Adviser. Thereafter, the Primary Adviser and/or the client provide (and we periodically seek) notification of any changes in the client’s investment goals, as imposed under the client’s KAM Advisory Agreement guidelines, and as information is amended from time to time by the client (and/or via the Primary Adviser). Upon such notification, we complete a review of the account.

**Content and Frequency of Reports:** Dual Contract Account (Model Based) clients receive monthly written brokerage statements from their Custodian and quarterly written reports from us. The monthly statements show transaction activity in the client's brokerage account for the previous period.

**Account Advisors** - Charles A. Knott, Co-CIO and David W. Lemons, Co-CIO, review Dual Contract (Model Based) Accounts.

## **(2) Sub-advisory (Wrap) Account Review**

Based on a model portfolio, we manage wrap accounts on a sub-advisory basis for several broker-dealer affiliates, (the Wrap Program Sponsors). The Wrap Program Sponsor is the Primary Adviser and has responsibility for client suitability initially and for all changes with respect to client suitability that occur after the initial suitability determination.

**Frequency of Reviews:** Frequency of reviews is subject to the discretion of the Primary Adviser. Typically, the Primary Adviser calls for quarterly reports or more frequent reports.

**Content and Frequency of Reports:** All reporting responsibilities belong to the Wrap Account Sponsor. The Wrap Program Sponsor typically, in almost every case, provides written reports to clients no less frequently than quarterly. The reports show transaction activity in the client's brokerage account for the previous period.

**Account Adviser:** Each sub-advisory account has a financial adviser who is affiliated with the wrap account plan sponsor.

## **(3) Directly Managed (Dual Contract and Single Contract) Account Reviews**

These portfolios are fully customized to address the client's directed investment objectives, client restrictions, financial and tax status and correlation to the client's other invested assets. As a result, clients requesting this level of service may have portfolios that are substantially different from our model-based portfolios.

**Frequency of Reviews:** At account inception, a client completes a KAM Investment Advisory Agreement, after which the Investment Committee review client suitability and the client's investment objectives. Periodically thereafter, the client provides, and KAM will seek, notification of any changes to the client's selected investment goals and strategy. On an as-needed basis, the CIO or the investment professional responsible for the client relationship meets with, or contacts by telephone, Directly Managed Account clients to review and discuss account performance and/or to further determine and implement any changes to the client's selected investment strategy.

**Content and Frequency of Reports:** Directly Managed Account clients receive quarterly written statements from us. The quarterly statements show transaction activity in the client's account for the previous period

Account Advisor - Charles A. Knott and David W. Lemons, Co-CIOs, are the Account Advisers and review all Directly Managed Accounts.

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

We and our management persons have no arrangements, oral or in writing, where we are paid cash by or receive some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

We may compensate individuals internally or externally for client referrals. We will only initiate and continue these relationships in accordance with applicable law, which requires a written agreement between ourselves and each person who provides client referrals (a “Solicitor”) and a written description of the Solicitor, including the compensation received by the Solicitor, to the prospective client.

As of the date of this brochure, we have no such arrangements.

## **Item 15 – Custody**

An investment adviser having custody or access to customer funds or securities must comply with rules and regulations designed to protect the clients' assets. Rule 206(4)-2 adopted under the Advisers Act (the “Custody Rule”) defines “custody” to mean “holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.” In addition, we would have custody if a “related person” of ours “holds, directly or indirectly, client funds or securities, or has any authority to obtain possession of them, in connection with advisory services.”

We have custody solely as a consequence of our authority to make withdrawals from client accounts to pay advisory fees (as permitted by Rule 206(4)-2(b)(3)). Therefore, we are not subject to the requirements of the Custody Rule.

Clients receive account statements from their broker-dealers, banks, Wrap Program Sponsors, or other qualified custodian and should review those statements carefully. A limited number of clients also receive statements directly from KAM. Such clients should compare those statements carefully against the statement that they receive from their qualified custodian.

## **Item 16 – Investment Discretion**

We receive discretionary authority from a client at the outset of an advisory relationship through the Investment Advisory Agreement signed by the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions as detailed in the investment advisory agreement or Investment Policy Statement, if any, of the clients for which it provides investment management advice. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments for longer terms.

## **Item 17 – Voting Client Securities**

As a registered investment adviser that exercises voting authority over client securities, we are required to implement, and have implemented, proxy voting policies and procedures.

Our basic policies and procedures are as follows:

- In the absence of specific voting guidelines from the client, we will vote proxies in the best interests of each particular client. Our policy is to vote all proxies from a specific issuer the same way for each client, absent qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on our voting authority in the same manner that they may place such restrictions on the actual selection of account securities.
- We will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services. In reviewing proposals, we will further consider the opinion of management and the effect on management, and the effect on shareholder value and the issuer's business practices. Alternatively, under the Proxy Voting Policies, we may delegate to a non-affiliated third party vendor the responsibilities to review proxy proposals and make voting recommendations on our behalf for our clients. Additionally, we may vote a proxy contrary to the Proxy Voting Policies if we determine that such action is in the best interests of the applicable clients.

### ***Conflicts of Interest***

- We will identify any conflicts that exist between the interests of the adviser and the client by reviewing our relationship with the issuer of each security to determine if we or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, the Chief Compliance Officer will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to

vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

Clients may obtain a copy of our complete Proxy Voting Policy upon request. Clients may also obtain information regarding how we voted any proxies on behalf of their account(s).

## **Item 18 – Financial Information**

As a registered investment adviser, we are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.