

# EDGE ADVISORS, LLC

## INVESTMENT ADVISOR DISCLOSURE BROCHURE (Formerly ADV PART II)

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This brochure provides information about the qualifications and business practices of Edge Advisors. If you have any questions about the contents of this brochure, please contact us at (404)890-7707 or [info@edgecappartners.com](mailto:info@edgecappartners.com). The title "Registered Investment Adviser" is not meant to imply a certain level of skill or training and 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.

The contents of this brochure will deal solely with the business practices of Edge's portfolio management group. Edge also offers liquidity management (often known as "cash management") to institutional type clients. Clients interested in Edge's liquidity management services should request the separate brochure describe the business practices of that area of Edge Advisors.

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

### MATERIAL CHANGES

Since Edge's brochure was last updated on August 31, 2011, Edge Advisors has opened a branch office in Charlotte, North Carolina.

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### Advisory Business of Edge

Edge Advisors ("Edge"), a wholly owned subsidiary of Edge Capital Partners, is based in Atlanta, Georgia and was formed in 2006. Edge began managing discretionary capital in April 2007. The firm was established by six founding partners: J. Peek Garlington, Paul R. P. Izlar, Henry M. T. Jones, William A. Maner, Albert Rayle III, and William C. Skeeane. Edge was founded on the premise that there is a better way to manage public and private investments for individuals and institutions. The partners have extensive experience investing in traditional and alternative investments on behalf of clients through decades of experience gleaned from major investment firms such as Goldman Sachs, Credit Suisse and Morgan Stanley. The firm's partners and its seventeen team members use their talent and experience to bring a high level of service to ultra-high net-worth individuals and institutions who desire a customized and thoughtful approach to asset management, coupled with a fiduciary level of responsibility and transparency.

In addition to managing client portfolios, Edge also offers institutional liquidity management services for institutional and individual clients desiring professional management of their short-term investments (this service is often known as "cash management").

As of 12/31/2011 Edge manages a total of \$ 1,395,580,369 in client assets. In managing these assets, Edge can either use discretion to make the investment selections (\$ 574,498,384 of our client's assets are managed in this manner) or working in partnership with the client to make the investment selections (\$ 821,081,985 of client assets are managed without discretion). Even if Edge takes discretion over investment selection, we still allow our clients to specify certain types of investments they wish to avoid (as is the case with socially responsible investments).

### Fees and Compensation

As is noted in the investment advisory contract signed by each client, the client will pay Edge a quarterly management fee, payable in arrears, based on the average quarterly balance in the client account(s) managed by the advisor. In unusual situations, at the request of a client, Edge may charge the client using other methods (i.e. a flat fee charged monthly). Any deviation from Edge's normal compensation arrangement will be clearly noted in the client's investment advisory contract (which will be signed by both Edge and the client). These fees may be negotiated by Edge depending on the circumstances surrounding the client's account (i.e. the asset allocation). Any deviation from the stated fee schedule will be at the sole discretion of Edge. The quarterly management fee will be automatically deducted from the client account on a quarterly basis unless otherwise agreed upon by the client and Edge.

All fees paid to Edge for investment advisory services are separate and distinct from the expenses charged by any funds to the shareholders. These fees are described in each fund's prospectus or offering document. Fees charged by a fund typically will include a management fee as well as other fund expenses, possibly to include a distribution fee or a fee related to the performance of the underlying fund. In addition to fees paid for investing

with third-party funds, clients may also pay fees charged by their brokerage firm or custodian. These fees may include commission charges for transactions and custody fees. For additional information on Edge's brokerage practices, please see the section of this brochure titled "Brokerage Practices".

A client could invest in these products directly, without the services of Edge (in that case, the client would not receive any fee reductions negotiated by Edge or the services of Edge which are designed, among other things, to assist the client in determining which products or services are most appropriate to the client's financial condition and objectives). Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Edge to understand the total fees the client will pay.

Below is a copy of Edge's standard fee schedule

Edge Advisors, LLC primary fee schedule:

- \* 1% on all assets under \$5 Million
- \* .7% on all assets more than \$5MM but less than \$10MM
- \* .65% on all assets more than \$10MM but less than \$20MM
- \* .55% on all assets more than \$20MM but less than \$50MM
- \* .45% on all assets more than \$50MM but less than \$100MM
- \* .40 on all assets more than \$100MM but less than \$125MM
- \* .25% on all assets more than \$125MM but less than \$150MM
- \* .20% on all assets more than \$150MM but less than \$200MM
- \* .15% on all assets more than \$200MM

### Performance-Based Fees & Side-by-side Management

Clients who choose to invest in shares of Edge Discovery LLC or Edge Discovery Ltd. (two private funds offered to eligible clients), may elect to invest in the Class "B" shares of the fund. Investors in the class "B" shares will not be charged an advisory fee by Edge, but instead will pay an amount equal to 10% of the investor's net profits for the calendar year. The client will not be required to pay the performance allocation until prior losses allocated to the member have been recouped. Additional information on Edge Discovery LLC and Edge Discovery Ltd may be found in the section of this brochure discussing "Other Financial Industry Activities and Affiliations".

Side-by-side management occurs when an investment advisor manages more than one fund and it can create material conflicts of interest if the advisor is compensated differently for managing the distinct funds. As an example, if an advisor buys shares of a security for two funds it manages, the advisor might be compelled to allocate the shares executed at the lowest price to a fund for which it receives a performance incentive. As noted previously in this section, Edge does offer, through Edge Discovery LLC and Edge Discovery Ltd, investment share classes in which Edge is compensated only by receiving a portion of the fund's profits. However in both Edge Discovery funds, investors participating in the performance-compensated shares still invest in the same fund as investors in the management fee shares; they simply own a different share class of the same fund. Since

both shares classes are invested into the same fund, there is no difference in the holdings of the two share classes. Edge is unable to allocate securities only to the class of shares paying a performance fee and thus there can be no conflict of interest as described under the term side-by-side management.

## Types of Clients

Edge's client base currently consists of high net-worth individuals (who may use trust or other complex structures to hold their assets), corporations, defined benefit plans (both private and governmental), profit sharing plans, endowments, and charitable foundations. Although Edge reserves the right to make exceptions, Edge normally requires an initial account value of a minimum of \$5,000,000.

## Methods of Analysis

Depending on the client's financial condition (i.e. income and net worth), investment objectives, liquidity needs and tolerance for risk, Edge may use one or more investment vehicles to construct a client portfolio. In addition to the risk of a loss of principal (which is inherent in almost all investments), each of these investment vehicles has unique risks that must be recognized. While seeking to identify and manage these risks on behalf of its clients Edge may perform several "due diligence" checks to make certain the investment is suitable for its clients. Below is a non-exhaustive list of some of the investment vehicles that may be used by Edge. Also noted are some of the risks associated with those investments and the type of due diligence we may perform:

- Equities (both foreign and domestic):
  - Risks
    - Loss of principal
    - Currency risk (if buying foreign securities in the foreign-country's currency)
  - Due diligence Actions
    - Analysis of the economic environment
    - Review of corporate filings
    - Third-party research
    - Review of corporate news and press releases.
    - Internal research
- Corporate, government and municipal debt instruments.
  - Risks
    - Default Risk – Risk that the bond issuer will be unable to pay interest and principal
    - Interest Rate Risk – The value of most bonds will decrease in a rising interest rate environment.
    - Reinvestment Risk – The risk that proceeds from matured or called bonds may need to be reinvested at a lower rate than the rate on the bond originally purchased

- Due Diligence
    - Review of Issuer Filings
    - Internal research
    - Third Party Research
    - Rating Agencies
    - Review of Issuer Activities
- Options and Warrants
  - Risks
    - Loss of Principal (which may be considerable)
    - Risk of underlying stock being “called away” (a forced sale at a pre-arranged price) in a rising market
    - Risk of being “put” stock (a forced purchase at a pre-arranged price) in a declining market
  - Due Diligence
    - Review of the underlying security
    - Statistical analysis of the option and how it might be expected to perform given certain changes in the price of the underlying security and the time until expiration
- Limited Partnership investments (often known as Hedge funds and Private Equity Funds).
  - Risks
    - Liquidity Risk (Clients may not be able to immediately access funds)
    - Loss of Principal (May be Considerable Depending on Underlying Investment and if Fund Utilizes Leverage)
    - Other Risks May Depend on Underlying Investments (i.e. foreign currency risk for partnerships investing in foreign securities) and will be disclosed in the offering material unique to the particular fund
  - Due Diligence
    - Review of Regulatory Filings
    - Site Visit
    - Contact Service Providers to Verify Fund Information
    - Review of Portfolio Holdings as able
    - Interview with Fund Personnel
    - Review of Key Portfolio Metrics
    - Review of fund’s risk disclosure document
    - Background reference checks when possible

- Mutual Funds
  - Risks
    - Loss of Principal
    - Other Risks May Depend on Underlying Investments (i.e. Interest Rate Risk for Bond Funds) and will be disclosed in the prospectus unique to the specific fund
    - Execution risk – Fund cannot be bought or sold throughout the day. Clients only receive the price as of the close of the market
  - Due Diligence
    - Review of Regulatory Filings
    - Review of the fund’s prospectus
    - Review of key Portfolio Metrics
    - Interview with Fund Personnel
    - Review of the Underlying Manager
  
- Real Assets (i.e. MLPS and REITs)
  - Risks
    - Loss of Principal
  - Due Diligence
    - Analysis of the economic environment
    - Review of corporate filings
    - Third-party research
    - Review of corporate news and press releases.
    - Internal research
  
- Exchange Traded Funds (“ETFs”) or Exchange Traded Notes (“ETNs”)
  - Risks
    - Loss of Principal
    - Other Risks May Depend on Underlying Investments (i.e. Interest Rate Risk for Bond ETF) and will be disclosed in the prospectus unique to the specific fund
    - Credit risk - Since ETNs are unsecured debts of the issuing bank, a default by the issuing bank could result in loss of principal
  - Due Diligence
    - Review of the Underlying Manager
    - Review of Regulatory Filings
    - Review of Fund Holdings
    - Review of Key Portfolio Metrics
  
- Third Party Separate Account Managers
  - Risks
    - Dependent on Style of Investing and Securities Utilized
  - Due Diligence
    - Review of Regulatory Filings (i.e. ADV)
    - Review of manager’s investment advisory disclosure brochure
    - Possible Site Visit



- Review of Key Portfolio Metrics
- Verification of Key Facts with Service Providers
- Background reference checks when possible

### Disciplinary Information

Edge is required to provide responses to a series of questions that address any legal or disciplinary actions taken against the firm, its officers, partners and directors as well as all persons directly controlling or controlled by Edge. A list of these questions is below:

In the past ten years, have you or any *advisory affiliate*:

- (1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*? **No**
- (2) been *charged* with any *felony*? **No**

In the past ten years, have you or any *advisory affiliate*:

- (1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? **No**
- (2) been *charged* with a *misdemeanor* listed in Item 11.B(1)? **No**

C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:

- (1) *found* you or any *advisory affiliate* to have made a false statement or omission? **No**
- (2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes? **No**
- (3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? **No**
- (4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity? **No**
- (5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity? **No**

Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:

- (1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical? **No**
- (2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes? **No**

(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? **No**

(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity? **No**

(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory affiliate*, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity? **No**

Has any *self-regulatory organization* or commodities exchange ever:

(1) *found* you or any *advisory affiliate* to have made a false statement or omission? **No**

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the SEC)? **No**

(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? **No**

(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities? **No**

Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended? **No**

G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.? **No**

Has any domestic or foreign court:

(a) in the past ten years, *enjoined* you or any *advisory affiliate* in connection with any *investment-related* activity? **No**

(b) ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations? **No**

(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*? **No**

Are you or any *advisory affiliate* now the subject of any civil *proceeding* that could result in a "yes" answer to any part of Item 11.H(1)? **No**

## Other Financial Industry Activities and Affiliations

Edge Advisors is wholly owned by Edge Capital Partners, LLC. Edge Capital Partners, LLC is also the sole owner of Edge Corporate Finance, LLC, a broker-dealer registered with FINRA (the Financial Industry Regulatory Authority). Edge Corporate Finance is a limited use broker dealer used only for handling investment banking opportunities or for offering private (unregistered) investment opportunities. Edge Corporate Finance LLC cannot hold client

accounts nor can it process transactions in public securities (i.e. stocks or mutual funds) for clients. Accordingly, the relationship between Edge Corporate Finance and Edge Advisors does not present a conflict of interest for Edge clients. Currently, the following executives with Edge Advisors are also registered with Edge Corporate Finance in the capacity noted:

- Bill Maner: CEO of Edge Corporate Finance, LLC
- Peek Garlington: Registered Principal with Edge Corporate Finance
- Paul Izlar: Registered Principal with Edge Corporate Finance
- 
- Kebndrick Mattox: Registered Representative with Edge Corporate Finance  
Bert Rayle: Registered Principal with Edge Corporate Finance
- Rick Floress: Chief Compliance Officer for Edge Corporate Finance

As was previously mentioned above, Edge Corporate Finance may help market private investment opportunities to non-clients of Edge Advisors. As part of these engagements, Edge Corporate Finance may be paid a placement fee by the fund. In some circumstances, clients of Edge Advisors may become aware of these opportunities and may elect to purchase an unregistered offering being marketed by Edge Corporate Finance and continue to monitor and report on the position as part of the portfolio. In these circumstances, Edge will apply the placement fee received by Edge Corporate Finance as a credit towards the client's normal advisory fees.

Edge Capital Partners, LLC also owns 50% of Edge Carolina, LLC ("Edge Carolina"). Edge Carolina is a subsidiary of Edge Advisors, LLC ("Edge Advisors"), however since Edge Carolina is under dual ownership and control of an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"), Edge Carolina has not separately registered with the SEC or a state regulator. Owners and employees of Edge Carolina will be subject to the supervision and policies and procedures of Edge Advisors, and employees of Edge Carolina conducting activities requiring association with a registered investment adviser will become associated persons with Edge Advisors. In addition, any disclosures regarding Edge Carolina that might normally be made by an investment adviser registered with the SEC will be made on Edge Advisors' Form ADV. Clients of Edge Carolina will receive the same investment advisory services as clients of Edge Advisors, will enter into an investment advisory agreement with Edge Advisors, and will receive Edge Advisors' Form ADV.

### Edge Advisor's Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

As required under SEC rule 204A-1, Edge Advisors has adopted a code of ethics to address potential conflicts of interest when Edge employees make personal investments. A full copy of Edge's Code of Ethics is available upon request by any client or prospective client of Edge.

In general, employee trades must be approved prior to being executed. Once an Edge employee makes a trade request, the Chief Compliance Officer will review trades executed that day on behalf of Edge's clients to make certain that the employee's trade might not disadvantage the client's trade. In the event an Edge employee wishes to make a trade in a security being traded for Edge clients, the employee will be allowed to place the transaction as long as the trade is aggregated with the client trades so that all parties receive the same price. For more information on Edge's trade aggregation practices, please see the section of this brochure entitled "Trade Aggregation".

Edge Advisors is the Managing Member for Edge Discovery LLC and Edge Discovery LTD. Both of these funds are investment-related LLCs in which Edge clients may be solicited to invest. Edge Advisors is paid a fee for serving as the investment advisor for these funds (see section of this brochure dealing with performance-based fees and other financial industry activities and affiliations). Clients investing in one of the Discovery funds will only pay one advisory fee (to the fund). The advisory fee that the client pays while invested in Discovery is the same as if the client invested the same amount of money with Edge Advisors and did not choose to invest through Discovery LLC or Discovery Ltd.

### Brokerage Practices

As an investment advisory firm, Edge has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Edge's primary objectives when placing orders for the purchase and sale of securities for client accounts, is to obtain the most favorable net results taking into account such factors as:

- 1) Price
- 2) Size of order
- 3) Difficulty of execution
- 4) Confidentiality
- 5) Skill required of the broker

Edge Advisors, LLC will execute its transactions through an unaffiliated broker-dealer. The broker-dealer will be chosen based on the following:

- 1) The broker's depth of capital
- 2) The broker's market access
- 3) The broker's transaction confirmation and account statement practices
- 4) Our knowledge of negotiated commission rates and spreads currently made available
- 5) The nature and character of the markets for the security to be purchased or sold,
- 6) The desired timing of the transaction
- 7) The execution
- 8) Clearance and settlement capabilities of the broker selected and others considered
- 9) Our knowledge of any actual or apparent operational problems of a broker

10) The reasonableness of the commission or its equivalent for the specified transaction.

Based on the above criteria, Edge may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. Such specialized services might well be expected to justify a higher commission. Some fixed income trades may be executed on a "net" basis. In such situations, the executing broker/dealer will not charge a commission but may profit from the "spread"; that is, the difference between the price paid (or received) by Edge's client and the price received (or paid) by the executing broker/dealer in its trades with other broker/dealers or other customers.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Edge may recommend the use of one of several broker dealers including, (but not limited to), Pershing Advisors Services, LLC (Pershing). Edge participates in a brokerage platform offered by Pershing, a FINRA registered broker-dealer. As part of this program, Edge receives benefits that it would not receive if it did not offer investment advice (i.e. access to Pershing's trading desk, use of Pershing's system to maintain and organize client data). Edge clients must evaluate these brokers before opening an account. The factors considered by Edge when making this recommendation are the broker's ability to provide professional services, Edge's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under the obligation to affect trades through any recommended broker.

### Review of Accounts

Accounts are monitored on an ongoing basis. The accounts are reviewed by one of the Partners of Edge Advisors, who monitor the performance and overall allocation of the accounts. The client's objectives are used to review for suitability. Events that might trigger a change in the client's portfolio include Edge becoming aware of a change in the client's investment objective, a material change in market conditions, a change in the client's employment status, or an imbalance in the client's portfolio. The client will receive written statements no less than quarterly from the account trustee or custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or broker dealers who may be involved with client accounts. Edge will send consolidated reports of the client's holding at least quarterly. Clients are strongly urged to compare Edge's reports with those provided by the custodian or product provider and to notify Edge of any discrepancies.

The client is urged to notify the Advisor and the Investment Advisor Representative if changes occur in the client's personal financial situation that might materially affect their investment plan. Asset Allocation Accounts are re-balanced when deemed necessary by the Advisor and re-optimized when deemed necessary by the Advisor or by a third-party sub-advisor for those participating in the Asset Management Program. Re-balancing is accomplished by reallocating assets to original asset targets and re-optimizing involves setting new target asset category percentages.

### Client Referrals and other Compensation

Edge does not direct client brokerage to compensate brokers for referring clients to Edge. Some third party investment advisors or funds may, on an unsolicited basis, pay Edge a “finder’s fee” as a result of Edge recommending their services or product to clients. Edge will not take the receipt of these finder’s fees into consideration when recommending a specific third party advisor or fund. In cases where Edge is paid a finder’s fee, Edge will use 100% of any finder’s fee received as a credit against the quarterly advisory fee the client pays Edge. If, for some reason, Edge is unable to use the finder’s fee as a credit against the client’s advisory fee, Edge will refuse the finder’s fee.

### Custody

Funds and securities belonging to Edge clients are held by a third party qualified custodian. These custodians will send statements to clients on a quarterly basis (or monthly if there is activity within the account). Clients are strongly encouraged to carefully review the statements supplied by their custodian. Edge will send consolidated reports showing all assets managed by Edge at least every quarter. In addition, clients have the ability to view their portfolio holdings using Edge’s client portal website (offered through Lightport). Clients are urged to compare the statements they receive from Edge with the statements from their custodian and to report any inconsistencies. Although Edge does not hold client funds or securities, because of the fact that Edge can deduct advisory fees from client accounts and the fact that Edge serves as the Managing Partner for two private funds (as noted in the section of this brochure entitled “other financial industry activities and affiliations”), Edge may be deemed to have custody of some client assets.

### Investment Discretion

In general, Edge will utilize trading discretion when managing client portfolios. This discretionary authority will be authorized by the client who will assign this power by executing the investment advisory agreement. Any limitations to the securities to be purchased or sold will be specified either in the investment advisory agreement or in an executed investment policy statement (or similar document). Examples of some limitations include stock positions owned at a very low cost, as well as certain “socially conscious” security restrictions.

### Voting Client Securities

Edge will not vote proxies for securities owned by clients. Some of the third party managers recommended by Edge may choose to vote proxies for client securities. Clients who seek additional information on proxy voting practices for Edge’s recommended managers should see the investment advisor disclosure brochure for the particular manager.

### Financial Information

The U.S. Securities and Exchange Commission (“SEC”) requires that investment advisors who have the authority to exercise discretion over client accounts identify any financial

conditions that might reasonably impair the firm's ability to meet contractual commitments to clients. Such conditions may include (but are not limited to), a large lawsuit, a large drop in billable assets or even a bankruptcy lien. Edge is unable to identify any existing situation that might reasonably impair our ability to fulfill our contractual obligations to clients, and we feel that the firm is sufficiently capitalized to meet obligations of a growing organization.

### Trade Aggregation

Edge may combine orders into block trades when more than one account participates in the trade. This blocking or bunching technique must be fair and potentially advantageous for each such account (i.e. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). To the extent Edge is aware of trades to be placed for its clients on the same day, and to the extent Edge has the ability to place aggregated trades with the custodian, block orders will be aggregated for Edge clients trading the same security on the same day. Edge will only aggregate the trades if it feels that this action would be consistent with the duty to seek best execution and is consistent with the terms of Edge's investment advisory agreements. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will first be evaluated with regards to any changes in market conditions, or news that might change the decision to continue with the trade. If the decision is made to continue with the decided trade activity, the trade will be reentered on the following trading day. The new average price for that day's trading activity will then be allocated to each client. Due to low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Edge may allocate trades in a manner different than the manner indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.