

First Santa Fe Advisors, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of First Santa Fe Advisors, LLC (“FSFA” or the “Advisor”). If you have any questions about the contents of this brochure, please contact us at 505-995-1885. 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 FSFA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure contains information about FSFA and there have been no material changes to the brochure since its adoption.

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Advisory Business

The Advisor was founded in March of 2007, registered as an investment adviser with the SEC in June of 2007, and is principally owned by Massey, Quick and Co. LLC (“Massey Quick”) and the New Mexico Banquest Corporation. As of December 31, 2011 the Advisor managed \$218,923,805 on a non-discretionary basis on behalf of approximately 101 clients.

FSFA provides the following advisory services:

Investment Advisory Services

The Advisor provides investment management services for clients based on the individual needs of each client. Investment goals, objectives, management style, risk tolerance and other factors affecting the client's portfolio are determined via an extensive initial interview with each client which may be conducted in person or via the telephone.

Based upon liquidity and risk/return parameters evaluated during the planning process, the Advisor will perform money manager search activities and will select and hire third-party

managers to manage certain client assets. On an ongoing basis, the Advisor renders investment advice to the client with regard to the portfolio, capital markets, the economy, and the relative performance of money managers. The Advisor generally does not hold itself to be a research analyst for individual equity and fixed income securities although from time to time it may recommend one to its clients, as appropriate. Some clients may choose to hold other individual securities in their brokerage accounts. Clients must continue to monitor these positions and perform their own due diligence and not rely on the Advisor for analysis. The Advisor may give some general advice with regards to monitoring and over time reducing overweighted and concentrated individual security positions. This advice will be given in the context to the client's overall asset allocation.

The Advisor may construct risk based Asset Allocation portfolios comprised of mutual funds, exchange traded funds, third-party separate account investment managers, and third-party private investment funds, as appropriate.

An investment plan is developed in the context of the client's investment objectives and financial resources. A determination is made on the degree of risk that the client can tolerate and the need for diversification, liquidity, capital accumulation and tax reduction. Once suitable asset allocations and investments are determined, the Advisor will recommend asset allocation and investment changes in response to changing client needs, market and economic conditions.

Fees and Compensation

Clients to which FSFA provides investment management services may be charged fees on either a monthly or quarterly basis, in arrears, based on the value of the assets in the account as of the end of the respective period. Account values may be pro-rated for deposits and withdrawals. Fee terms are subject to negotiation. The fee may either be charged directly to the client's account or the client may be billed. Any accounts opened or closed during the monthly or quarterly period will have the advisory fee pro-rated for the period. FSFA's basic fee structure is as follows (fees shown are annual):

Fee Schedule

- 1.25% on the first \$3,000,000 of assets under management
- 1.00% on assets between \$3,000,000 and \$5,000,000
- 0.70% on assets between \$5,000,000 and \$10,000,000
- 0.55% on assets between \$10,000,000 and \$25,000,000
- 0.40% on assets between \$25,000,000 and \$75,000,000
- 0.25% on assets between \$75,000,000 and \$150,000,000

- 0.10% on assets over \$150,000,000

On accounts exclusively invested in mutual funds and exchange traded funds, the fee is 1% on assets under management.

General Information on Fees – All clients should understand that all fees paid to the Advisor for investment advisory services are separate from the fees and expenses charged to clients by the investments (mutual funds and exchange traded funds) or managers to which client assets may be allocated (managed accounts and private investment funds). Additionally, FSFA's clients bear trading costs and custodial fees, as applicable. Clients should review all fees charged by FSFA and its affiliates, custodians and brokers, and others to fully understand the total amount of fees to be paid. For additional information about brokerage, please see "Brokerage Selection."

Each client should evaluate the overall cost and benefit of the advisory services that they will be purchasing. If a client selected and purchased their own investments without engaging the Advisor's services, they would not pay a fee to the Advisor and would, therefore, have a less expensive investment alternative.

Client accounts may be classified as Growth, Moderate, Balanced and Conservative.

Massey Quick is the investment manager of several private investment funds of funds. Related persons of Massey Quick act as general partners to the funds. The Advisor may recommend that certain client accounts invest in the funds of funds. The funds of funds are primarily invested directly or indirectly, with investment managers or in private investment funds sponsored by various investment managers that are selected by the principals of Massey Quick. Clients of the Advisor that invest in the private investment funds managed by Massey Quick will be investors in the Advisor Class where no management fee is charged. Investors are subject to a 10% performance fee subject to a high water mark on those assets by the funds of funds as disclosed by the funds' relevant offering documents.

Performance Based Fees and Side-by-Side Management

The Advisor does not charge any performance fees. However, as described in the Fees and Compensation section, certain client assets may be allocated to a fund of funds managed by an affiliated entity. The affiliated entity charges a performance fee subject to a high water mark. The Advisor is not paid any portion of that performance fee.

As discussed, FSFA affiliates receive a portion of the fees charged to the fund of funds which may create an incentive for FSFA allocate client assets to the fund of funds. Additionally, the performance fee may create an incentive for Massey Quick to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.

Types of Clients

FSFA primarily provides customized investment management services to individuals, high-net-worth individuals, families, corporations, trusts, institutions and charitable organizations.

The Advisor generally requires a minimum of \$1,000,000 of assets under management for each client. In certain circumstances, minimum assets under management requirements may be negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Research Process

FSFA does not actively trade in individual equities or fixed income securities. Rather, the Advisor typically allocates clients' assets among mutual funds, exchange traded funds, unregistered investment funds ("hedge funds") and separate accounts that are managed by unaffiliated third-party money managers. The Advisor may offer advice about specific investment managers who specialize in various disciplines, including, but not limited to domestic and international equities, fixed income (including high yield and investment grade), alternative strategies such as global macro and real estate, and cash management. The Advisor may also recommend investments in hedge funds which invest in venture capital, private equity, and other hedge funds. As described in the Fees and Compensation section, FSFA may allocate a portion of a client's account to a fund of funds managed by an affiliate of the Advisor.

FSFA's investment strategies are primarily long-term in scope and include using investment managers with different investment disciplines. Recommendations for changes to client portfolios will be made periodically. However, consideration will be given to various factors affecting the proposed change so to keep the client's best interests in mind. Further, periodic rebalancing of client portfolios will be conducted to keep asset allocations within a reasonable range of the stated objective.

The Advisor performs due diligence on all third-party investment managers, including the managers of hedge funds, prior to recommending the third-party investment managers to its clients. The Advisor considers a number of quantitative and qualitative factors in evaluating investment managers including, but not limited to, performance history, approach to risk management, and fund manager tenure and expertise. Reviews generally include on-site meetings with portfolio managers, analysts, and operational staff as well as review of published statistical data.

Risks

The following is an overview of the risks related to the Advisor's investment strategy and is not intended to be complete. All investing involves a risk of loss and the investment strategy offered by the Advisor could lose money over short or long periods. The following are certain risks applicable to advisers that select third-party investment managers to manage a portion of its clients' underlying assets:

No Registration. Underlying hedge funds will not be registered as investment companies under the Investment Company Act of 1940 (the “1940 Act”) and, therefore, the clients will not be entitled to the various protections afforded by the 1940 Act with respect to its investments in hedge funds. Accordingly, the provisions of the 1940 Act, which, among other things, require investment companies to have securities held in custody at all times in segregated accounts and regulate the relationship between the investment company and its asset management, are not applicable to an investment in hedge funds. Unlike registered investment companies, hedge funds generally are not obligated to disclose the contents of their portfolios. This lack of transparency may make it difficult for the Advisor to monitor whether holdings of the hedge funds cause the clients to be above specified levels of ownership in certain asset classes. Although the clients expect to receive information from each hedge fund regarding its investment performance on a regular basis, in most cases there is little or no means of independently verifying this information. A hedge fund may use proprietary investment strategies that are not fully disclosed to its investors and may involve risks under some market conditions that are not anticipated by the client.

Hedge funds may not allow withdrawals and may distribute securities instead of cash. Hedge funds may be permitted to redeem their interests in-kind. Thus, upon the client’s withdrawal of an interest in a hedge fund, it may receive securities that are illiquid or difficult to value.

Hedge funds may be illiquid. As the client may make additional investments in or effect withdrawals from a hedge fund only at certain times pursuant to limitations set forth in the governing documents of the hedge fund, the client may have to invest a greater portion of its assets temporarily in money market securities than it otherwise might wish to invest and may have to borrow money to repurchase units. The redemption or withdrawal provisions regarding the hedge funds vary from fund to fund. Therefore, the client may not be able to withdraw its investment in a hedge fund promptly after it has made a decision to do so. Some hedge funds may impose early redemption fees. This may adversely affect the client’s investment return or increase the client’s expenses and limit the client’s ability to make offers to repurchase units.

Portfolio funds may be difficult to value. The valuation of the client’s investments in hedge funds is ordinarily determined based upon valuations calculated by the third-party adviser. Although the Advisor reviews the valuation procedures used by the portfolio funds, the Advisor may not be able to confirm or review the accuracy of such valuations. The Advisor may face a conflict of interest in assigning a value to hedge funds, since the hedge funds’ values will affect the Advisor’s compensation. Furthermore, revisions to a hedge fund’s gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until the audits of the hedge fund has been completed.

Disciplinary Information

Leslie C. Quick III, Manager of the Advisor and Founding Partner of Massey Quick, signed an acceptance, waiver and consent with the National Association of Securities Dealers, Inc. (now

FINRA) in 2003 for helping a brokerage firm client of U.S. Clearing Corp., a subsidiary of Quick and Reilly, misclassify certain funds as allowable net assets for net capital purposes. No individual client accounts of the brokerage firm were involved. Mr. Quick settled the action because his employer, Fleet Bank, agreed to a settlement.

Other Financial Industry Activities and Affiliations

The Advisor is a limited liability company, owned 50% by Massey Quick and 50% by New Mexico Banquest Corporation. New Mexico Banquest Corporation is a federally chartered financial holding company that owns 100% of the common stock of the First National Bank of Santa Fe and First Santa Fe Insurance Services. Certain of FSFA clients may use the services of these affiliated entities however they are not selected by FSFA and FSFA does not believe that there are any material conflicts associated with this affiliation.

Massey Quick is a SEC registered investment advisor. As previously discussed, Massey Quick is the investment manager of several private investment fund of funds. The Advisor may recommend that certain client accounts invest in the funds of funds. FSFA makes all investment recommendations in the best interests of its clients and does not take into consideration the relationship with Massey Quick.

An employee of FSFA holds securities licenses. David Kantor has securities licenses Series 7 and 24 held by Prudent Brokerage Associates. He does not receive compensation related to these licenses or the sale of securities.

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

The Advisor may recommend that clients invest in hedge funds, mutual funds, and other securities in which the Advisor, its affiliates, or its employees' assets are also invested. To avoid any potential conflicts of interest involving personal trades, the Advisor has adopted a Code of Ethics (the "Code"), which includes a formal code of ethics and insider trading policies and procedures. Advisor's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Advisor above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;

- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to report personal securities transactions on at least a quarterly basis and provide the Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. Transactions in initial public offerings and private placements, including interests in private investment funds, require pre-clearance.

Clients and prospective clients may obtain a copy of the Code by contacting Ms. Kristina Alley (FSFA's Chief Compliance Officer ("CCO")) via phone at (505) 995-1888.

Brokerage Practices

FSFA does not actively trade in individual equities or fixed income securities. The third-party investment managers recommended by the Advisor select the brokers through which they trade.

The Advisor solely maintains non-discretionary client agreements without exclusive authority to determine the securities purchased or sold and the amount of securities to be purchased or sold for the client account. Under the Advisor's non-discretionary agreements, the client has the authority to choose the custodian for their account.

The Advisor, through its affiliate, The First National Bank of Santa Fe, has negotiated favorable commission rates and terms with Bank of New York Mellon ("BONY") and a portion of Advisor's clients use BONY to execute transactions in ETFs, when applicable. The First National Bank of Santa Fe has negotiated favorable terms with 5/3rd Bank for mutual fund transactions. Additionally, the Advisor has negotiated favorable commission rates and terms with Fidelity Institutional ("Fidelity"). A portion of the Advisor's clients use Fidelity to execute transactions in individual securities such as mutual funds and ETF's, when applicable.

To the extent possible, the Advisor will seek to aggregate client transactions. Typically, eligible clients participate in investments in mutual funds, exchange traded funds, hedge funds, and separate accounts on a pro rata basis. Certain investments may not be appropriate for all FSFA clients and, as such, shall only be offered to those clients that have investment guidelines consistent with the investment.

Certain employees of the Advisor may hold licenses at third-party broker-dealers. The Advisor does not execute client transactions through any broker-dealer with which its employees may hold licenses.

Review of Accounts

All client accounts are reviewed at least quarterly. Each client account will also be reviewed whenever the Advisor is informed by the client of any changes in the client's circumstances or when the Advisor believes market conditions or other factors warrant such review.

Since individual requirements for each client may vary considerably, the Advisor will consider requests for more frequent reviews of client plans.

All accounts will be reviewed by one or more of the following individuals:

David Marion, Managing Director, First National Bank of Santa Fe
David Kantor, Senior Vice President, First National Bank of Santa Fe
Kristina E. Alley, Manager, Chief Compliance Officer, Advisor
Stewart R. Massey, Manager, Advisor
Leslie C. Quick III, Manager, Advisor
Christopher Moore, Managing Director, Massey Quick

Clients will receive a summary report of their account on a quarterly basis or more frequently as agreed, showing performance for the period and performance since inception of the advisory relationship. These reports will be in addition to any periodic statements received from the relevant custodians, brokerage firms, investment administrators, third-party investment managers or funds.

Client Referrals and Other Compensation

From time to time, Advisor may enter into solicitation agreements with individuals who are affiliated with the Advisor whereby investment advisory accounts are solicited for Advisor. These agreements require that the solicitor perform his duties in accordance with the Investment Advisers Act of 1940 and appropriate state regulations and that the solicitor provide information concerning the compensation relationship between themselves and the Advisor to each prospective client.

Custody

FSFA maintains authority to directly debit fees from its clients' accounts. Additionally, affiliates of the Advisor may serve as the trustee and/or the custodian for certain client accounts. For these reasons the Company is considered to have custody of client assets. The clients' respective custodians send statements directly to the clients on at least a quarterly basis. Clients should

carefully review these statements, and should compare these statements to any account information provided by FSFA. Clients should notify the Advisor if they are not receiving custodial statements, at least quarterly, from the relevant custodian, brokerage firms, investment administrators and/or third party investment managers.

Investment Discretion

The Advisor does not maintain discretionary authority over any client accounts

Voting Client Securities

The Advisor will not exercise proxy voting authority over client securities. The obligation to vote client proxies shall at all times rest with the client. Clients should receive all proxies and other solicitations directly from their respective custodians or transfer agents, as applicable. Clients shall in no way be precluded from contacting the Advisor for advice or information about a particular proxy vote. However, FSFA shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

Should FSFA inadvertently receive proxy information for a security held in a client's account, then the Advisor will immediately forward such information on to the appropriate client, but will not take any further action with respect to the voting of such proxy. Upon the termination of its Agreement with a client, the Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Advisor on behalf of the client to the forwarding address provided by the client.

Financial Information

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