

---

## Botty Investors, LLC

---

444 N. Michigan Ave, Suite 3500  
Chicago, IL 60611  
312 245-2915  
BIReporting@bottyinvestors.com

March 2011

This brochure provides information about the qualifications and business practices of Botty Investors, LLC (“BI”). If you have any questions about the contents of this brochure, please contact us at 312 245-2915. 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. BI is registered with the SEC as an Investment Adviser.

Additional information about BI is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

**Item 2: Material Changes**

The SEC adopted “Amendments to Form ADV” in July, 2010 for all SEC Registered Investment Advisers. This Firm Brochure, dated March 25th, 2011, is our new disclosure document prepared according to the SEC’s new requirements and rules. The form and content is substantially different from our previous Form ADV Part II brochure provided in previous years. Prior to March 25, 2011, BI’s last material update to Form ADV Part II was October 12th, 2009.

## Table of Contents

Item 1: Cover page.....	1
Item 2: Material Changes.....	2
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	4
Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9: Disciplinary Information .....	6
Item 10: Other Financial Industry Activities and Affiliations .....	7
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	7
Item 12: Brokerage Practices .....	8
Item 13: Review of Accounts .....	9
Item 14: Client Referrals and Other Compensation.....	10
Item 15: Custody .....	10
Item 16: Investment Discretion .....	10
Item 17: Voting Client Securities.....	11
Item 18: Financial Information.....	11

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

Alfredo Botty founded Botty Investors, LLC (“BI” or “we”) to support families of exceptional wealth with the management of their investment portfolios. BI’s initial clients were several families of significant prominence in the United States of America. Currently, BI continues to provide wealth management and investment advisory services to clients on a discretionary and non-discretionary basis. We work together with the family offices of wealthy individuals and families in the execution of their investment management.

We initially meet with clients to determine their services requested, risk tolerance, and time constraints and establish acceptable goals, policies, and investment objectives. We formally review clients’ portfolios no less frequently than quarterly and make appropriate changes and recommendations to a client’s portfolio holdings as needed to maintain the objectives of the client.

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

BI focuses on working with high net worth investors that generally have \$50 million or more in investable assets and, therefore, we do not have a predetermined fee schedule based on the amount of assets under management. We offer investment advisory services for a percentage of assets under management and/or fixed fees. The range of potential fees will depend on many factors, including, but not limited to, the services to be provided, the duration of the engagement, the amount of assets to be invested and managed, the amount of communication requested by the client, and the amount of consulting support related to, but not solely pertaining to, the assets to be managed. The most important determinant of the range of fees to be charged is the scale of the assets to be invested and monitored. As a general rule, a fee of 1% of the total assets to be managed provides the initial point of reference for the fees that will be charged. Additions or reductions to this fee will depend on the factors set forth above. Furthermore, if services such as accounting, generation of financial statements, and payment of bills are requested by the client, then the fees charged to the client will be increased accordingly. The amount of the fee increase for these additional services will depend on the scale of the transactional activity involved in these accounting, financial reporting, and receivables and payables functions.

All fees paid to us are in addition to any brokerage fees and fees and expenses clients incur in assets supervised by us, including, but not limited to, separate accounts managed by other managers, private investment funds, mutual funds and real estate investments. Any fees and expenses charged to clients by managers, private investment funds or mutual funds are described in their respective investment management agreements, offering memorandums, subscription agreements or mutual fund prospectuses. These fees generally include an investment management fee, performance fee and, in the case of mutual funds, may include distribution fees.

Although some clients pay their fees on a monthly basis, fees charged on a percentage of assets are generally payable quarterly during the quarter in which services are rendered (within 30 days after the start of each calendar quarter) based upon the most recent quarter-end fair market value of assets under management. These fees may be automatically deducted from a client’s account every quarter or

month, if permitted by the client's investment advisory agreement. Advisory agreements may be terminated by us or a client at any time, typically with 30 or 60 days prior written notice, although some clients have advisory agreements that must be terminated with 90, 120, or 365 days prior written notice. Any fees paid in advance of termination will be prorated to the date of termination and any unearned portion will be refunded to the client.

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

Botty Investors accepts and has entered into performance-based fee arrangements with certain clients.

Performance based fee arrangements may create an incentive for the firm to make investment decisions which may be riskier or more speculative than those which would be made under a different fee arrangement. Such fee arrangements have the potential to create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. To prevent this conflict from influencing the allocation of investment opportunities among clients, the firm has designed procedures to ensure that all clients are treated fairly and equally, taking into account their investment objective and risk tolerance.

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

Botty Investors' clients primarily consist of high net worth individuals that generally have \$50 million or more in investable assets. At our discretion, we may accept clients with investment accounts of less than \$50 million in investable assets. Other potential clients include corporate pension plans, institutional endowments, and charitable foundations.

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

Botty Investors, LLC's investment philosophy is founded on the principles of benchmark free, valuation intensive, real return asset allocation. We accomplish our clients' objectives through the application of value oriented investment strategies and will reduce exposure or avoid asset classes if warranted by price and other relevant risks. We adhere to diversification to maintain flexibility in order to manage through uncertain economic times and with the goal to preserve capital. We accomplish our clients' portfolio objectives and measure results on an after tax, after inflation, and after fees basis.

BI defines risk as the probability of the permanent loss of capital. We strive to preserve and grow our clients' wealth in which we measure results in relation to the starting balance of assets present at the time of initiation of the advisory relationship.

Botty Investors utilizes traditional public equity and fixed income investments, but also completes its asset allocation through the use of alternative investment strategies. We specialize in blending traditional and alternative investments to accomplish clients' portfolio goals.

The primary alternative strategies we utilize for qualified clients include, but are not limited to, the following:

- Options and Derivative Based Strategies are used to create investment opportunities with risk return profiles that are characterized by relatively measured downside potential losses and large upside potential gains. Volatility arbitrage based strategies are utilized to produce gains in times of duress and uncertainty. The derivative based strategies create hedging opportunities with low cost of maintenance while serving important roles in a portfolio to create profits from negative global events.
- Event Driven and Relative Value Strategies attempt to capture profits through inefficiencies between securities and event dependent investment opportunities. These strategies generally include the following: capital structure arbitrage, convertible arbitrage, merger arbitrage, volatility arbitrage, distressed credit securities, and special situations.
- Participating Loan Strategies include investment strategies that are a hybrid between bank-like loan investments and equity investments. Typically these strategies are asset based loans that attempt to receive income through interest payments, and enhance capital appreciation through participating equity interests or ancillary fees. Examples of these participating loan strategies may include receivable financing and asset based financing.
- Long/Short Equity Strategies include investment managers that invest in domestic and international public equities who attempt to add value through stock selection, potentially selling short individual stocks, and the adjustment of portfolio exposure. These strategies capitalize on pricing anomalies in equity markets created by market fluctuations.
- Energy, Mining, Soft Commodities and Other Natural Resource Strategies invest in basic resources like grains, natural gas, oil, precious and industrial metals and other resource based opportunities. These strategies are generally structured as illiquid or multi-year vehicles to capture the opportunities created by the supply demand imbalances which are specific to the nature of the underlying resources.
- Real Estate Strategies include a broad range of investment strategies focused on domestic and international properties. Real estate vehicles are generally illiquid, multi-year structures due to the illiquid nature of most properties. The investment strategies can be focused on income production with value added potential or can be oriented to development opportunities. The real estate strategies are generally focused on a specific category of real estate, including: residential, office, multi-family, hotel and resort, industrial, or raw land.
- Private Equity Investments are non-public investments in domestic, international, and emerging markets. Middle market buyouts, providing growth capital to private businesses, and illiquid investments in private ventures in focused sectors like retail or energy are examples of private equity strategies.

**Item 9: Disciplinary Information**

Since its inception, BI has not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

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

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

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

A Code of Ethics ("Code") has been adopted by Botty Investors LLC and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for all employees of Botty Investors LLC and is designed to, among other things; govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that Botty Investors LLC and its employees owe a fiduciary duty to Botty Investors clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards maintained by Botty Investors LLC continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both Botty Investors LLC and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that Botty Investors LLC has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

Employees of BI may invest in the same securities (or related securities, e.g. warrants, options or futures) that BI invests for, or recommends to, clients. This creates a potential conflict of interest between the adviser and its clients. Investment opportunities must be offered first to clients, if appropriate relative to their objectives, before the employee may act on them. Prior to executing a personal transaction, an employee will make a best effort attempt to determine whether or not their proposed transaction conflicts with any past, present or pending client trade. No transactions should be made which give priority to employees over that of clients. It is important that employees do not benefit personally from transactions accomplished for its clients. It would be inappropriate to benefit by structuring a client transaction in size or time in order to provide direct benefit to an employee.

## **Item 12: Brokerage Practices**

The client has the right to choose any broker-dealer or custodian at any time. BI recommends, but does not require, that clients granting us discretionary authority utilize the custodial and/or brokerage services of Charles Schwab Institutional, Jefferies & Company, Inc., Merrill Lynch and Northern Trust ("BI Custodians and Brokers"). BI Custodians are registered broker-dealers which offer custody, record keeping and reporting services. We recommend BI Custodians based upon the services they offer to clients and their technical support capabilities.

We derive certain economic benefits from a client's choice of BI Custodians as its custodian(s), including receipt of duplicate client confirmations and statements, access to a trading desk exclusively for investment advisor clients, and block trading capabilities. Any research provided by BI Custodians may be used to manage all accounts, not just those accounts maintained at BI Custodians. We may, but are not obligated to, aggregate client stock transactions for the purpose of obtaining best execution (best price at lower per share brokerage commission costs). No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for all the advisor's transactions in that security on a given business day, with all transactions costs shared pro rata based on each client's participation in the transaction. When an aggregated order is only partially filled, the securities purchased will be allocated on a pro rata basis to each account participating in the aggregated order based upon the initial amount requested for the account, and each participating account will participate at the average share price for the aggregated order on the same business day.

Clients with particularized investment policies, restrictions, or clients who have not granted BI full discretion, may not be able to participate in aggregated transactions and may only be invested in such securities after compliance with respect to the investment policies and restrictions that have been established. Such clients may receive less favorable prices on such transactions. In addition, clients who, in whole or in part, direct us to use a particular broker to execute transactions for their account should be aware that, in so doing, they may be subject to negative results, including, without limitation, that it may result in the client paying higher brokerage commissions, receiving less favorable prices than might otherwise be the case, and/or foregoing any benefit from savings on execution costs that may be obtained for other clients through aggregated orders.

Where we are given authority to select brokers to execute securities transactions, we will consider a variety of factors, including best price and execution, the full range, quality and reliability of brokerage services provided by the broker, as well as the capital strength and stability of the broker and the quality of the research and research services provided by it. Subject to the criteria of Section 28(e) of the Securities Exchange Act of 1934, we may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transactions, in recognition of the value of the brokerage and research services provided by the broker. We believe it is important to our investment decision-making process to have access to independent research. In those instances in which clients direct us to use a particular broker to execute securities transactions for their accounts, such clients may nonetheless derive benefits from research services obtained from the brokerage for



those clients who make no such direction, as research furnished by brokers may be used to service any or all of our clients and may be used in connection with amounts other than those making the payment to the broker providing the research, as permitted by Section 28(e) of the Securities Exchange Act of 1934. It is our policy to seek the best execution at the best security price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to us or our clients.

Botty Investors is independently owned and operated and not affiliated with BI Custodians. BI Custodians provide us with access to their institutional trading and custody services, which are not typically available to BI Custodians retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at BI Custodians. BI Custodians' services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For our client accounts maintained in its custody, BI Custodians generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through BI Custodians or that settle into BI Custodians accounts. We do not receive any portion of the commissions or other transaction-related fees paid by our clients to BI Custodians. BI Custodians also make available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at BI Custodians. We do not receive any soft dollars from BI Custodians, nor are we compensated for BI Custodians products.

BI Custodians also make available to us other services intended to help manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, BI Custodians may make available, arrange and/or pay for these types of services rendered to us by independent third parties. BI Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

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

Our accounts are formally reviewed, at a minimum, on a quarterly basis by Alfredo Botty and Ralph J. Lipford, Jr. More frequent reviews of a client's account may be necessary due to a significant change in the market or material changes to a client's investment objectives. If a client has provided a written investment policy statement, accounts are reviewed to ensure that they are in compliance with the client's investment policy statement. If a client has not provided a written investment policy statement,

then we hold regular discussions with the client and/or the client's family office so that client guidelines on return objectives, risk tolerance, time horizons, income and liquidity needs, tax, estate, and legal considerations, and unique circumstances are determined.

During the portfolio review, the portfolio's asset allocations are analyzed in the context of the current global investment environment's risks and investment opportunities for all asset classes and securities. Furthermore, each allocation to a fund manager within the portfolio is reviewed and a decision is made as to whether or not the allocation to each manager is to be maintained.

Clients generally receive, at a minimum, quarterly account statements from the custodian of their funds and securities, which shall include the name and quantity of securities owned, the current market value of each security, all funds in the account at the end of the applicable period, disbursements from and deposits to the account, and all transactions in the account during such period. Clients will be required to instruct their custodian to provide us with copies of such periodic statements and such other periodic reports concerning the status of the account as we may reasonably request from time to time.

We provide wealth management and investment advisory services to certain clients on a non-discretionary basis. For these clients, we advise on investments, asset allocation, and fund manager diligence and selection, among other things. We do not provide periodic reports to such clients, which are typically offices of families with sufficient assets to justify their own accounting and administrative personnel who develop their own periodic investment reports.

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

BI does not compensate any third party for client referrals.

#### **Item 15: Custody**

BI does not provide custodial services to its clients. Client assets are held with unaffiliated banks or registered broker-dealers that are "qualified custodians." Clients receive statements directly from the qualified custodians at least quarterly. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

BI may collect fees by directly debiting advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

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

BI may provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to determine the security to buy or sell; and/or determine the amount of the security to buy or sell without contacting the client.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change or amend such limitations by giving us written instructions.

**Item 17: Voting Client Securities**

BI votes proxies for all client accounts; however, clients have the right to vote proxies themselves. They can exercise this right by instructing us in writing to not vote proxies in their account.

BI votes proxies in the best interests of its clients and in accordance with BI's established policies and procedures. BI retains copies of all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote the proxy, and a copy of each written client request for information on how the adviser voted proxies. If BI has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us by telephone, email or in writing.

**Item 18: Financial Information**

BI does not have any financial impairment that precludes us from meeting contractual commitments to clients.