

# *Heaphy Investments, LLC*

32 Hampden Street  
Springfield, MA 01103

Ph: 413-736-8805  
Fax: 413-736-4474

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*This disclosure brochure provides clients with information about the qualifications and business practices of Heaphy Investments, LLC an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Heaphy Investments, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Heaphy Investments, LLC. Please contact Edward Heaphy, Managing Member of Heaphy Investments, LLC, at 413-736-8805 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Heaphy Investments, LLC or any individual providing investment advisory services on behalf of Heaphy Investments, LLC possess a certain level of skill or training. Additional information about Heaphy Investments, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Heaphy Investments, LLC is 151849.*

## **MATERIAL CHANGES**

There have been no material changes to this disclosure brochure since the date of its most recent filing (March 23, 2011).

## HEAPHY INVESTMENTS, LLC

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## **ADVISORY BUSINESS**

### **Company**

Heaphy Investments, LLC is a privately-held Massachusetts limited liability company that has been registered as an investment adviser with the SEC since 2010.

Heaphy Investments, LLC was formed when Edward T. Heaphy, Jr., the principal of Heaphy Trust Group, a sole proprietorship, determined that clients would be better served through a corporate entity that could provide business continuity. Through Heaphy Trust Group, and now Heaphy Investments, LLC, Mr. Heaphy has been providing investment advice as a registered investment adviser representative continuously since 1990. Throughout this disclosure brochure, Heaphy Investments, LLC is referred to as "Heaphy Investments".

The principal owners of Heaphy Investments are Edward T. Heaphy, Jr. and Lois Heaphy.

### **Services**

Heaphy Investments provides Investment Management Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Heaphy Investments develops a client's personal investment policy and creates and manages a portfolio based on that policy. Each portfolio will be designed with the goal of meeting each client's individual needs. Account supervision is guided by the stated objectives of the client. Heaphy Investments will allocate the client's assets among various investments in accordance with the investment objectives of the client.

Heaphy Investments will manage advisory accounts on a discretionary basis only. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

### **Assets Under Management**

As of December 31, 2011, the total amount of client assets managed by Heaphy Investments is approximately \$48,000,000. All of these assets are managed on a discretionary basis.

## **FEES AND COMPENSATION**

The annual fee for Investment Management Services will be charged as a percentage of assets under management according to the following schedule:

Assets Under Management	Maximum Annual Fee (%)
First \$1,500,000	1.25%
Next \$2,000,000	1.00%
Balance	0.75%

Investment Management Services fees shall be paid monthly in arrears based upon the value (market value as determined by the account custodian or fair market value in the absence of market value as determined by Heaphy Investments in its sole discretion, plus any credit balance or minus any debit balance), of the client's account at the end of that month. If an account is terminated during a calendar month that the agreement was effective.

Heaphy Investments shall mail or deliver to the client and the custodian copies of Heaphy Investments' invoices for fees and expenses. Such invoices shall be due and payable on or before 30 days after it is received by the client. If the invoice is not paid by such date, the client hereby agrees that the custodian shall pay the amount of each such invoice directly to the Heaphy Investments from the client's account.

If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was effective. Details of the investment management fee charged are more fully described in the advisory agreement entered into with each client.

### **Important Additional Information**

#### Fee Only

Heaphy Investments is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment products). Heaphy Investments is not affiliated with entities that sell financial products or securities. No finder's fees are accepted by Heaphy Investments.

#### Fees Negotiable

In certain circumstances, fees may be negotiable. In addition, the assets of related clients may be aggregated for the purposes of determining the fee.

#### Direct Debiting of Client Accounts

In order for Heaphy Investments' advisory fees to be directly debited from a client's account, the client must provide written authorization permitting Heaphy Investments to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to Heaphy Investments. Clients are informed that it is their

responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

#### Termination of Client Relationship

A client agreement may be canceled at any time, by either party, for any reason upon ten (10) days' prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

#### Mutual Fund Fees

All fees paid to Heaphy Investments for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Heaphy Investments. In that case, the client would not receive the services provided by Heaphy Investments which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by Heaphy Investments to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Trading and Other Costs

All fees paid to Heaphy Investments for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 8 of this disclosure brochure for additional information on brokerage and other transaction costs.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Heaphy Investments does not accept performance-based fees (e.g., fees based on a share of capital gains on or capital appreciated of the assets in a client's account).

## **TYPES OF CLIENTS**

Heaphy Investments provides investment advisory services to individuals, high net worth individuals; pension and profit sharing plans; trusts, estates and charitable organizations; and corporations or other business entities.

### **Engaging the Services of Heaphy Investments**

All clients wishing to engage Heaphy Investments for investment advisory services must first complete an investment management agreement as well as any other document or questionnaire provided by Heaphy Investments. The investment management agreement describes the services and responsibilities of Heaphy Investments to the client. It also outlines Heaphy Investments' fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of all these documents, Heaphy Investments will be considered engaged by the client. Clients are responsible for ensuring that Heaphy Investments is informed in a timely manner of changes in their investment objectives and risk tolerance.

### **Conditions for Managing Accounts**

Heaphy Investments requires a minimum annual fee of \$1,000 for providing investment management services. Heaphy Investments retains the right to reduce or waive the minimum annual fee.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, and mutual funds.

### **Investment Strategies**

Heaphy Investments may utilize different investment strategies, based upon the needs of the client, including long-term purchases (e.g., over one year), short-term purchases (e.g., less than one year) and margin transactions.

### **Security Analysis**

The security analysis methods employed by Heaphy Investments includes fundamental and technical analysis.



## Sources of Information

In conducting security analysis, Heaphy Investments may utilize the following sources of information: financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases.

## Risk

### General Risk

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability. Depending upon the client need and investment mandate, Heaphy Investments will attempt to thoroughly explain the applicable risks.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

## Cash Management

Heaphy Investments recommends to clients that they maintain sufficient liquidity outside their investment portfolio in cash and near cash assets in order to meet day-to-day requirements. Cash is not typically part of the recommended asset allocation in a client's investment portfolio which is managed by Heaphy Investments. However, from time to time, there may be some cash in the client's investment portfolio (for example, when the client is expecting to make a withdrawal for a large

purchase in the near future or between the time investments are sold and when they are replaced by other investments in the portfolio).

Typically, several cash equivalent investment options (e.g., money market mutual funds, bank deposit accounts) will be offered by the custodian selected by the client. Heaphy Investments will select the most appropriate cash equivalent investment option based on the client's preference for liquidity, return and tax avoidance.

## **DISCIPLINARY HISTORY**

Heaphy Investments has never been disciplined by a regulatory agency.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Trust Management Services**

Edward T. Heaphy, Jr., a Managing Member of Heaphy Investments also provides private trustee services through a d/b/a called Heaphy Trust Group ("HTG"). HTG provides the following Trust Management Services:

#### Professional Administration of the Trust

- Collection and distribution of interest and dividends
- Safeguarding of trust assets
- Processing of corporate actions
- Maintenance of tax records

#### Investment Management of Trust Assets

- Customized asset management strategy
- Strategic asset allocation
- Ongoing monitoring and rebalancing as necessary

As Mr. Heaphy provides trust management services to clients of Heaphy Investments, a potential conflict of interest may exist. Heaphy Investments has enacted policies and procedures to mitigate any potential conflict of interest. In addition, Heaphy Investments is subject to a surprise examination by a public accounting firm subject to the rules of the Public Company Accounting Oversight Board ("PCAOB"). The results of such surprise examination are publicly available via the Investment Adviser Registration Depository.

### **Tax, Administrative and Executor Support Services**

Lois Heaphy, a Managing Member of Heaphy Investments, also provides tax, administrative and executor support services through Executive Administrative Services, Inc. ("EAS"). Heaphy Investments has entered into an arrangement with EAS to provide various tax, administrative and executor support services to trust

clients of Heaphy Investments. Clients will sign a separate agreement with EAS detailing the services provided and the attendant fees for such services.

Services provided by EAS include preparation of state and federal tax returns and the drafting of standard year-end tax information letters, including detailed gain/loss information for security sales and state tax information.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Heaphy Investments has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Heaphy Investments and its employees owe a fiduciary duty to its clients. Accordingly, Heaphy Investments expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. Heaphy Investments and its employees are required to adhere to the Code of Ethics. At all times, Heaphy Investments and its employees must (i) place client interests ahead of Heaphy Investments'; (ii) engage in personal investing that is in full compliance with Heaphy Investments' Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Heaphy Investments' Code of Ethics by contacting Edward T. Heaphy, Jr., a Managing Member of Heaphy Investments, at 413-736-8805.

### **Participation or Interest in Client Transactions**

Heaphy Investments or individuals associated with Heaphy Investments may buy or sell securities identical to those recommended to clients for their personal accounts. As these situations may represent a conflict of interest, Heaphy Investments has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A member or employee of Heaphy Investments shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/her employment unless the information is also available to the investing public upon reasonable inquiry. No person of Heaphy Investments shall prefer his/her own interest to that of the advisory client.
2. Heaphy Investments maintains a list of all securities holdings for itself and anyone associated with this advisory practice with the access to advisory recommendations. These holdings are reviewed on a regular basis by Edward T Heaphy, Jr., Chief Compliance Officer of Heaphy Investments.
3. If Heaphy Investments is purchasing or considering for purchase any security on behalf of a client, neither Heaphy Investments nor individuals associated with Heaphy Investments may transact in this security prior to the client

purchase having been completed by Heaphy Investments or until a decision has been made not to purchase the security on behalf of the client.

4. If Heaphy Investments is selling or considering the sale of any security on behalf of a client, neither Heaphy Investments nor individuals associated with Heaphy Investments may transact in that security prior to the sale on behalf of the client having been completed by Heaphy Investments or until a decision has been made not to sell the security on behalf of the client.
5. Heaphy Investments emphasizes the unrestricted right of the client to decline to implement any advice rendered.
6. Heaphy Investments requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
7. Any individual not in observance of the above may be subject to termination.

## **BROKERAGE PRACTICES**

### **Broker Selection**

Heaphy Investments has the discretion to select the broker-dealer to be used. Heaphy Investments will use Charles Schwab & Co., Inc. Institutional Services Group ("Schwab").

While there is no direct linkage between the investment advice given and usage of Schwab, economic benefits are received which would not be received if Heaphy Investments did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section below). Heaphy Investments does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

### Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and

responsiveness. Consistent with the foregoing, while Heaphy Investments will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### Broker Analysis

Heaphy Investments evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Heaphy Investments.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if Heaphy Investments determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Edward T. Heaphy, Jr., Managing Member of Heaphy Investments, is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Heaphy Investments periodically reviews its transaction costs in light of current market circumstances and other relevant information.

#### Research/Soft Dollar Benefits

Heaphy Investments uses Charles Schwab & Co.'s, Schwab Institutional (Schwab Institutional) service. There is no direct link between Heaphy Investments' use of Schwab Institutional and the investment advice it gives to its clients, although Heaphy Investments receives economic benefits through its participation in the program that are typically not available to Schwab Institutional retail investors.

As a user Schwab Institutional, Schwab makes available to Heaphy Investments other products and services that benefit Heaphy Investments, but may not benefit its clients' accounts. Some of these other products and services assist Heaphy Investments in managing and administering clients' accounts, including:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk serving Schwab Institutional participants exclusively;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;

- Ability to have investment advisory fees deducted directly from client account;
- Access to an electronic communication network for client order entry and account information;
- Receipt of compliance publications; and
- Access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

Schwab Institutional also makes available to Heaphy Investments other services intended to help Heaphy Investments manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab Institutional may make available, arrange and/or pay for these types of services rendered to Heaphy Investments by independent third parties.

Additional benefits received because of Heaphy Investments' use of Schwab Institutional may depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. Heaphy Investments is required to maintain a minimum level of client assets with Schwab Institutional to avoid a quarterly service fee. While as a fiduciary Heaphy Investments endeavors to act in its clients' best interests, Heaphy Investments' use of Schwab may be based in part on the benefit to Heaphy Investments of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by Schwab which may create a conflict of interest.

### **Directed Brokerage**

Certain clients may direct Heaphy Investments to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, Heaphy Investments is required to disclose that Heaphy Investments may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates Heaphy Investments might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money. Heaphy Investments reserves the right to decline acceptance of any client account that directs the use of a broker dealer if Heaphy Investments believes that the broker dealer would adversely affect Heaphy Investments' fiduciary duty to the client and/or ability to effectively service the client portfolio.

As a general rule, Heaphy Investments encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

### **Trade Aggregation/Allocation**

It is the objective of Heaphy Investments to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, Heaphy Investments may often seek to purchase or sell a particular security in each account.

Heaphy Investments will aggregate orders only when such aggregation is consistent with Heaphy Investments' duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

### **Trade Errors**

Heaphy Investments attempts to execute all transactions in a timely and accurate manner; however, errors may occur. When errors do occur, Heaphy Investments corrects the error and credits the client's account in an amount equal to the value of the error. The value of the error is determined by comparing the actual trade execution price to the price that would have applied if the trade had been executed correctly.

## **REVIEW OF ACCOUNTS**

### Reviews

All accounts are tracked by a computerized information system with the necessary attributes to provide (1) lists of assets at least quarterly and on demand; (2) information including names of asset, number of shares, face value of bonds, tax cost, book value, market value, projected income and total assets; (3) total value of bond account; (4) total value of equity account; (5) breakdown of asset type sectors for effective continued monitoring and portfolio analysis.

Each account will be reviewed by a Managing Member of Heaphy Investments periodically, but no less than frequently than quarterly.

### Reports

Clients will receive monthly account statements directly from the qualified custodian. Confirmation statements will be issued for all trading activity. Reports will include portfolio holdings, dates and amounts of transactions, and current and prior statement values. Any additional reports furnished by Heaphy Investments will be on a case-by-case basis.

## CLIENT REFERRALS AND OTHER COMPENSATION

Heaphy Investments does not receive any economic benefits (*e.g.*, sales incentives, prizes) from non-clients for providing investment advice. Heaphy Investments does not compensate any person for client referrals.

## CUSTODY

Custody of client assets will be maintained with the independent custodian selected by the client. Heaphy Investments will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Heaphy Investments to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. *Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by Heaphy Investments.*

### Trust Accounts

Heaphy Investments has custody of client funds and securities when an individual advisor serves a dual role of advisor and trustee on an account. For all accounts, including those advisor trustee accounts, funds and securities are maintained with a qualified custodian, and that custodian sends monthly account statements directly to the account holders. In addition, Heaphy Investments is subject to a surprise examination by a public accounting firm subject to the rules of the Public Company Accounting Oversight Board ("PCAOB"). The results of such surprise examination are publicly available via the Investment Adviser Registration Depository.

## INVESTMENT DISCRETION

For those client accounts over which Heaphy Investments has discretion, Heaphy Investments requests that it be provided with written authority (*e.g.*, limited power of attorney contained in Heaphy Investments' Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.



Heaphy Investments generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account; (2) the total amount of securities to be bought and sold; and (3) the prices and commission rates to be paid for securities transactions.

Heaphy Investments' authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Heaphy Investments and the client.

## **VOTING CLIENT SECURITIES**

### **Proxy Voting**

The act of managing assets of clients may include the voting of proxies related to such managed assets. Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the investment adviser, the investment adviser has the fiduciary responsibility for (a) voting in a manner that is in the best interests of the client and (b) properly dealing with potential conflicts of interest arising from proxy proposals being voted upon. Accordingly, Heaphy Investments has instituted proxy voting policies and procedures that are designed to (i) ensure that proxies are voting in an appropriate manner and (ii) complement Heaphy Investments' investment policies and procedures regarding its general responsibility to monitor the performance and/or corporate events of companies which are issuers of securities held in managed accounts.

Heaphy Investments' general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities (collectively, "proxies"), in a manner that serves the best interests of the client as Heaphy Investments determines in its sole discretion, taking into account the following factors: (i) the impact on the value of the securities; (ii) the costs and benefits associated with the proposal; and (iii) the customary industry and business practices.

Clients may obtain a copy of Heaphy Investments' proxy voting policies and information about how Heaphy Investments voted their securities by contacting Edward T. Heaphy, Jr., a Managing Member of Heaphy Investments, at 413-736-8805.

### **Class Action Settlements**

Although Heaphy Investments may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **FINANCIAL INFORMATION**

### **Prepayment of Fees**

Because Heaphy Investments does not require or accept prepayment of more than \$500 in fees six months or more in advance, Heaphy Investments is not required include a balance sheet with this disclosure brochure.

### **Financial Condition**

Heaphy Investments does not have any adverse financial conditions to disclose.

### **Bankruptcy**

Heaphy Investments has never been the subject of a bankruptcy petition.

## **PRIVACY NOTICE**

Heaphy Investments views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Heaphy Investments does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Heaphy Investments may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Heaphy Investments restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Heaphy Investments. As emphasized above, it has always been and will always be Heaphy Investments' policy never to sell information about current or former clients or their accounts to anyone. It is also Heaphy Investments' policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Heaphy Investments' Privacy Policy, please contact Edward T. Heaphy, Jr., a Managing Member of Heaphy Investments, at 413-736-8805.

## **CLIENT COMPLAINTS**

Clients may contact contacting Edward T. Heaphy, Jr., a Managing Member of Heaphy Investments, at 413-736-8805 to submit a complaint. Written complaints should be sent to Heaphy Investments, Inc., PO Box 1529, Springfield, MA 01101-1529.