

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Kaufman + Bernstein, Inc. If you have any questions about the contents of this Brochure, please contact us at 310.277.1900 or www.kbwtr.com. 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.

Kaufman + Bernstein, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Kaufman + Bernstein, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

There have been no material changes in our business since the date of our last Form ADV Part 2.

The last annual update of our brochure was on February 21, 2012.

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Item 4 – Advisory Business

Kaufman + Bernstein, Inc. (KB) was formed in August, 1970 by Roy D. Kaufman and Howard M. Bernstein who are the principal owners of KB. KB has no subsidiary entities and has only one location of operation.

Most of the advice KB furnishes to its clients, as noted below, does not involve investment supervisory services for the investigation, purchase or sale of securities. KB acts as business manager for various clients, most of whom are engaged in the entertainment industry. The services furnished by KB to its clients include, without limitation, the following: providing investment advice (as applicable), providing insurance advice, paying and projecting bills, budgeting cash, providing tax advice and tax planning, assisting the client in obtaining loans, assisting the client in collecting on obligations due, investigating potential real estate investments and advising the client with respect thereto, and generally assisting the client with respect to day-to-day financial business matters.

Commencing with the first meeting with a prospective client, and periodically thereafter, we discuss the client's specific short and long-term goals, and based thereon KB assists the client in the achieving of such goals through the utilization of each of the above services as required. Investment goals and strategies are discussed with each client which include the level of risk, areas of interest and financial commitment each is capable and desirous of participating in. In cases where a client does not have an existing relationship with an investment advisor in the investing area in which they have an interest, KB might introduce the client to investment advisors or money managers with whom KB has had a prior experience. If the client selects an independent advisor so introduced by KB, the relationship is specifically between the client and that advisor and KB is included in communication, correspondence and reporting as rendered by such advisor. KB does not receive any remuneration, of any kind, from any independent advisor performing services for and on behalf of any KB client.

KB provides continuous and regular supervisory or management services with respect to securities portfolios. The amount of assets under management was \$654,652,134.00 as of December 31, 2012.

Item 5 – Fees and Compensation

After a full discussion with a client, and based on mutual agreement between a client and KB, KB receives compensation in one of the four following methods; all of which are billed and paid monthly from the client's management checking account, and none of which are billed or paid in advance:

1. Five percent (5%) of the gross professional income of the client.
2. Five percent (5%) of the gross income of the client.
3. The higher of: (a) five percent (5%) of the gross professional income of the client, or (b) an amount equal to sixty percent (60%) of KB's normal hourly billing rate for the time specifically expended on that client.
4. The higher of: (a) five percent (5%) of the gross income of the client, or (b) an amount equal to sixty percent (60%) of KB's normal hourly billing rate for the time specifically expended on that client.
5. On an hourly basis for the time specifically expended on that client at KB's normal billing rate, which are detailed to the client at the commencement of the relationship.
6. A negotiated monthly fee which is reviewed annually, for reasonableness.

In addition to fees noted above, a client will reimburse KB, on a monthly basis, for costs incurred on the client's behalf, including but not limited to, postage, copying, telephone, messenger and delivery service, parking, office supplies, etc.

Item 6 – Performance-Based Fees and Side-By-Side Management

KB does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

KB provides advisory services and business management services to the following types of clients: Individuals, Corporations, Limited Liability Companies, Joint Ventures, Partnerships, Trusts, Estates, Charitable Organizations and Pension and profit sharing plans.

KB has no minimum requirement for opening or maintaining any account.

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

Investment Strategies and Methods of Analysis

The investment strategy is established and driven by the goals set forth by each client, which include the level of risk, areas of interest and financial commitment each is capable and desirous of participating in. When KB is requested by the client to provide investment advisory assistance it is predominantly in the area of fixed income securities and real estate ventures originating from independent and unrelated third parties.

After the client has selected the area of investment and established the specific strategy to be followed, analysis and selection of purchases is done through direct discussion with the brokers with whom the client has a separate trading account.

In all instances where KB does not provide investment advisory assistance, then KB makes no decisions as to methods of analysis.

Various factors used to implement the different strategies so as to achieve the goals of the client in the following areas are:

Real Estate – These are usually ventures in the form of limited liability entities from independent third parties not related to KB. Factors considered in these types of transactions are the history of the parties proposing the investment, the anticipated cash flow yield on invested dollars, the anticipated appreciation of property, any tax sheltering through depreciation, appropriate leverage in financing of the acquisition. Clients are informed that there is a risk that projections provided may not be met, that refinancing of the debt on the property if such is contemplated in the projections may not occur, that tenants currently renting at the property may have their businesses fail and thereby vacate the premises, that property vacancies may not be filled; and that all of the aforementioned factors may negatively impact the stability of the investment and may create the loss of the investment.

Securities & Equities – Long-term stability, appreciation, high return on investment, liquidity. The client is informed that the investment in securities and equities are subject to market fluctuations and extraneous factors which could negatively impact the performance of the investment and create a loss.

Cash Instruments – Short-term utilization of dollars at highest return, stability and safety. The Client is made aware that the income earned on cash instruments may not yield a return that is consistent from time to time. Further, it is possible that in the worst case scenario the underlying entity issuing the cash instrument could fail and that the principal the client invested could be lost.

KB does not receive any remuneration of any kind from any of the independent third parties with which KB's clients have any working relationship.

Risk of Loss

Clients are reminded that investing in securities involves risk of loss which clients should be prepared to bear, as noted above.

Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KB or the integrity of KB's management.

On October 24, 2002, a regulatory action was initiated by the SEC against Howard Bernstein (Advisory Affiliate) and the advisory affiliate's prior firm, Kaufman, Bernstein, Oberman, Tivoli & Miller, LLC (KBOTM) for not arranging a surprise examination of certain assets of which it had custody in a timely fashion. The matter was resolved on November 4, 2003 and the following sanctions ordered:

- Monetary/Fine amount: \$12,500
- Censure
- KBOTM was required to hire an independent consultant to conduct a review of its compliance policies and procedures, including those related to the independent accountant and implement agreed upon procedures.

The fine was paid on November 25, 2003 and KBOTM engaged an independent consultant acceptable to the SEC to conduct a complete review of its compliance policies and procedures, including those relating to its independent public accountant. The independent consultant submitted a report to both KBOTM and the SEC, including certain

recommendations. All of the recommendations of the independent consultant were accepted and successfully implemented by the firm, which was then in compliance with all relevant policies and procedures.

KB has had no legal or disciplinary events occurring through March 11, 2013.

Item 10 – Other Financial Industry Activities and Affiliations

KB is the general partner of the Kaufman + Bernstein, Inc. Retirement Investment Fund (Pool) which is a limited partnership wherein the funds of the limited partners are invested with money managers, mutual funds, limited partnerships, LLC's or directly into instruments of the United States or agencies thereof.

The affiliation of KB to the Pool does not create any material conflict of interest and does not impair the objectivity of KB's investment advice.

KB does not have any compensation agreements with, nor receives compensation in any manner from any advisor recommended by KB.

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

KB maintains a Code of Ethics that is shared with, and acknowledged by, all employees of KB. The Code sets forth KB's general fiduciary principles that all employees should at all times place the interests of our clients ahead of their personal interests when acting in a business capacity; should avoid conflicts or apparent conflicts of interests between their personal investments and those of our clients; and should not take advantage of their positions with KB or its affiliates. The Code specifically deals with prohibited transactions and activities, insider trading policy, reporting requirements of access persons and enforcement of the rules set forth. A copy of the Code of Ethics is maintained in our office and is available to all current or prospective clients.

KB may buy or sell for itself securities that may also be recommended to clients. In the event this occurs, KB will acquire its interests in the same manner at the same time and at the same price as the client. KB receives no separate fee, commission or considerations, of any kind whatsoever, for the client investing into such security. KB will recommend advisors based on factors such as price, the ability of the advisors to effect the transactions,

the advisors' facilities, reliability and financial responsibility, and any research or investment management-related services they will provide to the client.

Item 12 – Brokerage Practices

Brokers are selected by the client, or the investment advisor is selected by the client, after discussions with KB. As part of the client's broker selection process the client may seek the advice of KB. If so requested KB will base its opinion on experience, expertise, fees and costs incurred and performance of such broker, where applicable.

KB does not receive soft dollar benefits (i.e., research or other products or services in connection with client brokerage).

Item 13 – Review of Accounts

Accounts are reviewed as situations dictate. At least once a week an in-depth review is conducted. Review is also conducted prior to the maturity of an investment, and when funds are anticipated to be received.

For investment advisory purposes, only principals of KB are reviewers.

Reports consist of a monthly analysis of clients' checking account(s) which details all receipts and disbursements. Not less than quarterly the following are generated: Statement of Income, Statement of Financial Condition, Schedule of Securities and Schedule of Partnerships Owned (as applicable). With respect to all funds or securities of clients of which KB is deemed to have custody; clients receive directly, at least quarterly, statements from the qualified custodian of such funds and securities. Such statements reflect and identify the amount of funds on hand and of each security in the account as of the reporting date, as well as all transactions which took place during such reporting period.

Item 14 – Client Referrals and Other Compensation

KB does not directly, or indirectly, compensate any person for client referrals. KB is not paid cash by, or receives economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

Item 15 – Custody

Clients will receive account statements directly from the qualified custodian, such as a bank or broker-dealer that maintains their assets. Clients are encouraged to carefully review the account statements they receive from the qualified custodian. In addition, KB strongly urges clients to compare the account statements they receive from the qualified custodian with those they receive from KB which will allow clients to determine the veracity of the information appearing on such statements. KB has made arrangements for a surprise examination of the accounts holding the funds or securities to be made at least annually by an independent public accountant in accordance with Rule 206 (4)-2(a) (3) (ii).

Item 16 – Investment Discretion

Any and all brokers, dealers or investment managers are engaged directly by the client, and KB is, at times, granted specific authority to act on behalf of such client. KB does not approve any fees paid to brokers, dealers or investment managers without the direct approval of the client. After consultation with the client, and where KB has been given specific authority to act by the client, KB may approve for purchase or sale securities recommended by an unrelated broker, dealer or investment manager.

Item 17 – Voting Client Securities

KB does not vote on behalf of any client on any matter dealing with securities held by any client.

Item 18 – Financial Information

N/A

