

**Part 2A of Form ADV: Firm Brochure**

**EUDORA ASSET MANAGEMENT, LLC**

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This brochure provides information about the qualifications and business practices of Eudora Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (718) 785-9373 and/or by email to [davidcohen7@eudoraam.com](mailto:davidcohen7@eudoraam.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.

Eudora Asset Management, LLC 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 Eudora Asset Management, LLC is also available on the SEC's website 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. Our firm's CRD number is 143472.

## ITEM 2: MATERIAL CHANGES

In the past we have offered or delivered information about our qualifications and business practices on at least an annual basis. In the future, we will provide you with one or more of the following:

- An updated annual brochure that includes a summary of any material changes to the brochure during the course of the previous business year within 120 days of the close of our business fiscal year. Our business fiscal year end is December 31<sup>st</sup>.
- A summary of material changes within 120 days of the close of our business fiscal year that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us.
- An interim amendment to the brochure if new information in response to Item 9 of Part 2A regarding disciplinary information is available.
- An interim amendment resulting from any material change that could affect the relationship between you and us.

We will provide, *free of charge*, a new brochure any time at your request, or as may become necessary based on material changes.

You may request our brochure by contacting our office at (718) 785-9373. You may also receive this and any other disclosure documents via electronic delivery, where allowed, by signing and returning to us an authorization to deliver disclosure and other documents electronically.

The **Material Changes** reported in this update are as follows:

1. The Firm is now an SEC registered investment advisor.
2. We now serve as the investment advisor to the Eudora Fund, ticker symbol EUDFX, an open-end mutual fund.
3. The address of the Firm has been changed as is noted on the cover page.

The SEC's web site also provides information about any persons affiliated with our firm who are registered, or are required to be registered, as investment adviser representatives of Eudora Asset Management, LLC.

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## **ITEM 4:      ADVISORY BUSINESS**

### **Advisory Firm**

Eudora Asset Management, LLC (“Eudora”) is a New York limited liability company with its sole place of business located at 8 West 40th St., New York, NY 10018. The firm began conducting business in 2007.

There is one principal shareholder owning more than 25% of our firm. The shareholder is:

- David A. Cohen, Managing Member, Chief Investment Officer

Our firm offers investment supervisory services to you.

As used in this brochure, the words “we,” “our” and “us” refer to Eudora Asset Management, LLC and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm.

### **Advisory Services**

Eudora Asset Management, LLC (herein “Eudora” or the “Advisor”) primarily provides investment advisory services to the Eudora Fund (the “Fund”), an open-end registered investment management company (herein the “Fund”).

Subject to general supervision by the Board of Trustees of the Trust (herein the “Board”) and in accordance with the investment objectives, policies and restrictions of the Fund, the Advisor provides the Fund with ongoing investment management and administrative oversight.

A full description of the services provided by the Advisor for managing the Fund is available in the current prospectus and statement of additional information (“SAI”) of the Fund. The prospectus and statement of additional information are available from the SEC website ([www.SEC.gov](http://www.SEC.gov)) or by contacting the Advisor at (718) 785-9373.

In addition to providing investment advisory services to the Fund, we may provide continuous investment advice and investment supervisory services to individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations, and other business entities. A more detailed list of customer types we work with can be found in Item 7 of this brochure.

Prior to engaging Eudora to provide investment advisory services, you will be required to enter into a written investment management agreement setting forth the terms and conditions of our engagement. You will then deposit cash and/or securities in an account with a qualified custodian. Your account balance may be altered by you from time to time by investment, reinvestment, additional deposits, expense distributions, and withdrawals. Depending on your specific investment objectives, your account will be invested on the basis of one of the model portfolios described in Item 8: *Methods of Analysis, Investment Strategies and Risk of Loss*.

Generally, we would provide portfolio advisory and management services based on one of the model portfolios as mentioned in the previous paragraph. We generally do not custom tailor our advisory services to each individual account, but instead determine from our discussions with you about your objectives, the appropriate model portfolio for you.

In certain instances and subject to the terms of the applicable investment management agreement, we may provide portfolio advisory services that are not necessarily managed

according to one of our model portfolios. In such cases, our investment authority may be subject to specific investment objectives, guidelines and/or conditions imposed by you in writing. For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, or you may place restrictions or prohibitions of transactions in securities of a specific type or a specific industry.

Generally, however, we manage all portfolios on a discretionary basis. This allows us to buy and sell various investments in keeping with your investment directives without your prior approval. You may revoke this discretionary authority at any time.

To ensure our initial determination of an appropriate portfolio remains suitable and the account continues to be managed in a manner consistent with your financial circumstances, we will:

- Periodically contact you to determine whether there have been any changes in your financial situation or investment objectives, and whether you wish to impose investment restrictions or modify existing restrictions; and
- Be reasonably available to consult with you;

Most all investments involve some type of risk. Investments will only be implemented or recommended when consistent with your investment objectives, tolerance for risk, liquidity and suitability.

### **Assets Under Management**

As of December 31, 2012, our firm actively managed approximately \$13,000,000 in discretionary assets. We generally do not manage non-discretionary assets.

## **ITEM 5: FEES AND COMPENSATION**

### **Calculation of Fees**

We may receive fees from multiple sources including the Fund and also from separately managed accounts.

Fees charged to mutual fund clients are set by the Board and are subject to review and approval as provided by the Investment Company Act of 1940. For its advisory services to the Fund, the Advisor receives a management fee calculated as a percentage of the average daily assets of the Fund of 1.25% per annum.

For separately managed accounts we are compensated based on an annual management fee calculated as a percentage of assets under management. Generally, the fee is 1.25% of assets under management. For accounts with assets under management greater than \$5,000,000 we will charge a fee of 1.00% of assets. While the fee is generally not negotiable, we reserve the right, in our sole discretion, to charge certain clients a lower or higher fee than other clients. Amendments to the schedule of fees charged to separate account clients may be made by us at any time with sufficient written notice to you, subject to your approval of any change in the fee schedule. If your account is custom tailored and not based on a model portfolio, the annual fee is negotiable with the individual Client.

### **Payment of Management Fees**

Management fees for the Fund are paid to us monthly in arrears by the Fund accountant directly from the Fund's assets.

For separately managed accounts, the fee is payable quarterly in arrears. The portfolio is valued on the last day of each quarter for purposes of calculating the fee for that quarter. Fees are assessed pro-rata for any portion of a quarterly period in which the investment management agreement is executed at any time other than the first day of a calendar quarter.

For separately managed accounts, the fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses. In addition, for separately managed accounts, a portion of your assets may be invested in mutual funds or exchange traded funds. These funds charge an annual internal management fee as outlined in their prospectuses which is deducted directly from your account balance by that fund. We do not receive any of these additional fees; however, these fees do represent an additional fee that you are paying above that being charged by us.

### **Deduction of Fees**

As discussed previously, management fees for the Fund are calculated by the Fund and paid directly to us by the Fund accountant. For separate accounts we request that you authorize and direct the custodian of your account to pay our fees directly to us from the portfolio. However, it is your option to authorize this process and if you do not approve of the direct deduction from your account, we will submit periodic invoices directly to you or the custodian as you request. If you should choose not to allow for the direct deduction of your management fees, we may decline to accept the account.

We do not have access to your funds for payment of fees without written consent by you provided to the custodian. Further, we will send you an invoice showing the amount of the fee, the value of your account on which the fee is based, and the specific manner in which the fee was calculated.

### **Other Expenses**

For separately managed accounts, the fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, borrowing charges on securities sold short, custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses.

In addition, for separately managed accounts, a portion of your assets may be invested in mutual funds or exchange traded funds. These funds charge an annual internal management fee as outlined in their prospectuses which is deducted directly from your account balance by that fund. We do not receive any of these additional fees; however, these fees do represent an additional fee that you are paying above that being charged by us.

Accordingly, you should review the fees charged by our Fund, by other third-party managed mutual funds, and our fees to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services provided.

### **ERISA Accounts**

Where we accept ERISA accounts we are deemed to be a fiduciary to those accounts that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

### **Sales Compensation**

Neither Eudora, nor any of its principals or supervised persons, accept commissions or other compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Advisory Fees in General**

You should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Our firm does not charge performance-based fees or engage in Side-By-Side Management.

### **ITEM 7: TYPES OF CLIENTS**

In addition to the Fund, we offer personalized investment advisory and management services to individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations, and other business entities.

Generally we require a minimum opening account size of \$5,000,000. This is a guideline only. The minimum account size can be waived, increased or decreased at any time for any reason.

Examples of reasons we may choose to waive or decrease the minimum would include; the value of all accounts we manage for you which are controlled by you or which are part of your household; the anticipation of additional accounts you may open with us; or the level of complexity required to manage your account(s) is low.

### **ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Based on your investment objectives, as well as your ability and willingness to assume market risk, we generally provide investment advisory services as a combination of two proprietary model portfolios: (1) the Equity Investments Model and (2) the Fixed Income Investments Model. Your actual portfolio will be comprised of varying proportions of each of the model portfolios, depending on your investment objectives, your risk tolerance, and our ability to identify attractive investment opportunities for the Equity Investments portfolio. We encourage you to take a patient, long-term value-oriented approach to investing and apply this discipline across our model portfolios. We believe that successful investing requires discipline and that

accounts should be maintained through various market environments and fluctuations. Our emphasis on long-term investing generally leads to low portfolio turnover though no specific level of turnover is explicitly targeted. Investments are generally selected with a three to five year time frame in mind, though shorter or longer holding periods also occur in practice. You are encouraged to adopt at least a five year investment horizon for accounts managed by us. Regardless of the investment strategy, investing in securities involves risk of loss that Clients must be prepared to bear.

## **Methods of Analysis**

We may use one or more of the following methods of analysis in formulating our investment advice and/or managing your assets:

***Fundamental Analysis*** - We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental Analysis does not attempt to “time” or anticipate market movements. The risk of this type of analysis is that the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the individual stock or fund.

***Asset Allocation*** - Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to your investment goals and risk tolerance. Once we have determined what we feel is the proper allocation, we then identify the securities, funds, etc., to make up that allocation.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not rebalanced, will no longer be allocated in the manner appropriate for your goals.

***Mutual Fund/ETF Analysis*** - We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions.

We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments which may be held in another fund(s) in your portfolio. We also monitor the funds or ETF’s in an attempt to determine if they are continuing to follow their stated investment strategy.

A specific risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by you may purchase the same security, increasing the risk to you if that specific security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for your portfolio.

***Risks for all Forms of Analysis*** - Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities,



and other publicly-available sources of information about these securities, are providing accurate and unbiased data.

While we try to be aware of any indications that data may be incorrect, there is always a risk that our analysis, as a result of incorrect data, may be compromised and therefore incorrect. This may result in the poor performance of your investments or a loss of your principal.

## **Investment Strategies**

### **Equity Investments Model**

The Equity Investments Model we utilize is a value-oriented, disciplined approach. The Equity Investments Model portfolio is comprised of approximately ten to twenty individual securities with exposure to risk-asset classes including equities and non-investment-grade fixed income securities. This exposure is generated using open-end mutual funds, closed-end funds, exchange-traded funds (“ETFs”) and individual stocks. We generate investment ideas by combining macro market value analysis with company-specific fundamental, bottom-up research. We then select investments that we believe offer an appropriate risk/reward trade-off over a three to five year time horizon. It is our policy to focus on the average compound return over time while monitoring and managing the risk of permanent capital impairment. Investments often manifest what we perceive as temporary market inefficiencies, including near-term factors that have reduced the quoted price, on average, of securities in a particular market segment. We evaluate a broad range of opportunities and evaluate the value of each potential investment using both quantitative and qualitative criteria with an emphasis on the following:

- a) In the case of individual stocks and bonds, significant emphasis is placed on the analysis of a company's competitive dynamics as well as overall industry assessment. Quantitative criteria such as historical returns on capital and margins are also analyzed.
- b) Valuation relative to historical averages using several metrics including cash flow yields, market values’ relationship to hard asset values, income yields, etc.;
- c) Price dislocations due to supply/demand imbalances;
- d) Ownership by a company’s managers, i.e., insider ownership; and
- e) Fees, leverage, and investment methods of the managers of a potential fund investment.

### **Fixed Income Investments Model**

The Fixed Income Investments Model is used by us to reduce your total portfolio risk and/or balance the risk taken on by the portion of your portfolio allocated to the Equity Investments strategy. The Fixed Income Investments strategy is comprised of approximately five to ten individual securities with exposure to high-grade fixed income securities. This exposure is generated using open-ended mutual funds, closed-end funds, ETFs, and individual bonds. The proportion of your portfolio allocated to the Fixed Income Investments model is determined based on our assessment of your ability and willingness to assume the risks of the Equity Investments model portfolio.

## **Material Risks for Clients to Consider**

Opening an account with us may involve a high degree of risk and is suitable only if you have substantial financial resources and understand the long-term nature, the consequences of, and the

risks associated with the investment strategy utilized by us. Some of those risks are summarized below. Prospective clients should carefully consider all the risks discussed and should consult their own legal, tax, and financial advisers about these risks and of making an investment with us generally.

The transactions in which your account will generally engage involve significant trading risks. No assurance can be given that you will realize a profit on your investment. Moreover, you may lose some or the entire amount invested. Because of the nature of our investment activities, you should expect that your account value will fluctuate from month to month and from period to period. Neither prior successful investment management performance, recommendations or analysis by us, nor any future successful performance of your Account, may be relied upon as assuring further successful performance. Many unforeseeable events, including actions by various government agencies, such as the Federal Reserve Board, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect your account. Unexpected volatility or illiquidity could impair your account's profitability or result in losses. None of these factors are within our control. We do not guarantee the future performance of your Account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of your account.

The following risks relate specifically to the Equity Investments Model.

**Leverage** - Although not generally a part of our investment strategy, we may use modest degrees of leverage in investing your account. Borrowing money to purchase securities may provide your account with the opportunity for greater capital appreciation but at the same time will increase your account's risk of loss. Fluctuations in the market value of leveraged investments have a disproportionately large effect in relation to the return or loss on the investment. In addition, the level of interest rates generally, and the rates at which your account specifically can borrow, will be an expense of your Account and will therefore affect the operating results of your Account. The level of interest rates and the amount of borrowing will affect the performance of your Account.

**Foreign Securities** - We may invest the assets of your account in securities and other financial instruments of non-U.S. entities and/or securities and other financial instruments denominated in currencies other than U.S. Dollars. These may include securities issued by entities in, and traded in, so-called "emerging markets." We will value such assets in U.S. Dollars. To the extent such assets are un-hedged, the value of your account's assets will fluctuate with the U.S. Dollar exchange rates as well as with price changes of your account's investments in other various markets denominated in other currencies. Either to hedge foreign currency exchange rate risks which may arise from the purchase of such securities, or for speculative purposes, we may invest in foreign currencies and currency-related products.

**Short Selling** - We may make short sales of securities for your account or may cause your account to invest in mutual funds that engage in short selling generally for purposes of hedging existing investments or overall market risk. To make a short sale, your account must borrow the securities being sold short. A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of the securities sold short increases. If the price of securities sold short increases, your account may be required to provide additional collateral or to liquidate other investments to maintain short positions, which may not be at favorable prices. Short selling is often viewed as a speculative investment strategy that requires specialized skills and presents heightened risks of losses.

**Options Trading** - We may purchase or sell stock or index options for your account. The trading of options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. A change in the market price of the underlying asset or index will cause a much greater change in the price of the option contract. In addition, to the extent that we purchase options that we do not later sell or exercise, your account will suffer the loss of the premium paid. To the extent we sell options and must deliver the underlying securities at the option price, your account has an unlimited risk of loss if the price of the underlying security increases.

The following risks relate specifically to the Fixed Income Investments Model.

Fixed income securities are subject to credit risk. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due resulting in losses to your account. A downgrade in an issuer's credit rating or other adverse news about an issuer can significantly reduce the market value of that issuer's securities. Fixed income securities are debt securities that are subject to changes in value when prevailing interest rates change, and as such, are subject to interest rate risk. When prevailing interest rates fall, the values of already-issued debt securities generally rise. Conversely, when prevailing interest rates rise, the value of already-issued debt securities generally falls, and the securities may sell at a discount from their face amount. The magnitude of these price changes is generally greater for fixed income securities with longer maturities.

## **ITEM 9: DISCIPLINARY INFORMATION**

Our firm and our management personnel have no reportable disciplinary events to disclose.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Other Registrations**

Neither Eudora, nor any of its management persons, are registered or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of any of the foregoing.

### **Affiliations**

Mr. David A. Cohen, The Managing Member of Eudora, is also a principal owner of Middlegate Capital Management LLC, a New York limited liability company ("Middlegate"), which also provides investment advisory and management services to separately managed client accounts. Mr. Cohen has a 30% ownership stake in Middlegate. To the extent that Eudora and Middlegate are attempting to purchase or sell identical securities for client accounts, there is a potential conflict of interest. The principal of Eudora is aware of this potential conflict of interest and attempts to mitigate it by entering trades at identical times or otherwise attempting to ensure that clients of one advisor are not disadvantaged by trades entered by the other. Other than the above, we are unaware of any material conflict of interest with clients caused by Mr. Cohen's relationship with Middlegate.

### **Relationships with Other Advisers**

Neither Eudora, nor its principals, recommend or select other investment advisers for our clients.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Eudora has adopted a Code of Ethics, the full text of which is available to clients and prospective clients upon request. We have several objectives in adopting our Code of Ethics. First, we desire to comply with all applicable laws and regulations governing our practice, and our management has determined to set forth guidelines for professional standards, under which all associated persons are to conduct themselves. We have set high standards, the intention of which is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with all clients. All associated persons are expected to adhere strictly to these guidelines, as well as the procedures for approval and reporting established in our Code of Ethics primarily related to personal securities transactions, and violations of the Code of Ethics. In addition, we maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us.

### **Participation or Interest in Client Transactions and Personal Trading**

Eudora, its principals, employees and affiliates may, from time to time, buy or sell securities that are also recommended, bought or sold for our clients, consistent with our policies and procedures. When we are purchasing or selling or considering for purchase or sale any security on behalf of a client, the client has priority over any non-client transaction and non-client transactions may not be effected until after the completion of the Client purchase or simultaneous with the client purchase or sale or until a decision has been made not to purchase or sell that security.

Our policies and procedures have been established recognizing that some securities being considered for purchase and/or sale on behalf of our clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records.

The foregoing policies and procedures do not apply to certain types of securities, such as obligations of the U.S. Government and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by our principals, employees and affiliates are not likely to have an impact on the prices of the fund shares in which Clients invest.

## **ITEM 12: BROKERAGE PRACTICES**

### **Selection Criterion**

#### Suggestion of Brokers

We may recommend that you establish brokerage accounts with Shareholders Service Group, a registered broker-dealer and member FINRA/SIPC/Registrant of the MSRB, to maintain custody of the your assets and to effect trades for your account. You are advised that there may be transaction charges involved when purchasing or selling securities. We do not share in any portion of the brokerage fees/transaction charges imposed by Shareholders Service Group

although they may participate in soft dollar programs within the safe harbor of Section 28(e) of the Securities Exchange Act. Additionally the commission/transaction fees charged by Shareholders Service Group may be higher or lower than those charged by other broker-dealer/custodians. The factors considered in selecting brokers depends primarily on low commission fees for transactions, reliable back-end processing, and selection of mutual funds and fixed income securities.

### Directed Brokerage

You may instruct us to use one or more particular brokers for transactions in your account. Should you direct us to use a particular broker you should understand that this may prevent us from effectively negotiating brokerage compensation on your behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses and execution, clearance and settlement capabilities that you will obtain through your directed broker are adequately favorable in comparison to those that we would otherwise obtain for you. You are encouraged to discuss available alternatives with us.

### Research and Other Soft Dollars

We do not receive research or other products or services other than execution from broker-dealers or third parties (“soft dollar benefits”) in connection with our securities transactions executed on your behalf.

### Brokerage for Client Referrals

We do not direct or allocate account portfolio transactions or commissions to certain securities brokers and dealers who then recommend potential clients to us any of our affiliates.

### Aggregation of Orders

We may, but are not obligated, to purchase or sell the same securities for several clients at approximately the same time. When orders are aggregated, each participating account receives the weighted average share price for all transactions in a particular security effected to fill such orders on a given business day. Transaction costs are shared pro rata based upon each account’s participation in the transaction. Aggregated orders will be filled pro-rata based on the target allocation at the time the order was placed. For example, if we can only fill a quarter of the order, each client’s account will get allocated a quarter of what was originally targeted.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Review of Accounts**

Mr. David A. Cohen, the Managing Member of Eudora, will review all accounts on a continuous basis, with a formal review conducted on each account semi-annually. In addition to our regular periodic reviews, triggering factors that may stimulate an unscheduled review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of your portfolio and/or a change in your investment objectives.

### **Reports**

Although we may send correspondence to you on a periodic basis, we do not provide you with regular reports regarding their account. Instead, you will receive statements directly from your

Custodian generally on a monthly basis. You are encouraged to review your statements carefully. You authorize and direct duplicate brokerage account statements to be distributed by your Custodian to us. We are in no manner responsible for the accuracy of information furnished by you, the custodian of your account, or any other third party, or for the accuracy of any record or report or the result of any action taken based on inaccurate information provided by any such third party.

We maintain appropriate records regarding our investment advisory activities consistent with our duties under applicable laws and regulations and/or sufficient to accurately detail and evidence all of our activities with respect to your account. We shall furnish you with any and all such records upon request.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Our firm does not engage solicitors or pay any related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our employees and related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to you.

#### **ITEM 15: CUSTODY**

We do not serve as custodian of any client funds or securities and the client does not surrender ownership of the cash and securities comprising the assets in their account. We may not remove the cash and securities from your account. Portfolio assets subject to our supervision are normally maintained in street name in the client's custody with the Custodian and/or broker/dealer selected by Client and set forth in the investment management agreement. Clients should carefully review account statements received from the broker-dealer, bank, or other qualified custodian.

#### **ITEM 16: INVESTMENT DISCRETION**

Subject to any written guidelines that you may provide, the investment management agreement between us, grants us discretionary authority to manage your account. In the investment management agreement, you generally grants us a limited power of attorney and expressly authorizes us to make, order and direct, any and all transactions involving the assets for your account. However, our investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by you and defined in the investment management agreement. For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, or place restrictions or prohibitions of transactions in the securities of a specific industry.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We generally have the authority to vote proxies for your securities per the terms of the investment management agreement. In general, we will determine how to vote proxies based on our reasonable judgment of that vote most likely to produce favorable financial results for our clients. Proxy votes generally will be cast in favor of proposals that we believes have the maximum positive effect on long term shareholder value creation. We will consider both sides of each proxy issue. A full copy of our proxy voting policy is available upon request. The proxy voting policy also contains provisions regarding the steps we will take if we identify a conflict of interest regarding voting.

Mr. David A. Cohen, the Managing Member of Eudora, oversees the process by which we vote proxies. The proxy voting policy is available upon request. You may obtain our proxy voting policy or a record of any proxy voting made for your account by contacting Mr. Cohen at 718-785-9373.

#### **ITEM 18: FINANCIAL INFORMATION**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

If we maintain discretionary authority for your account or are deemed to have actual or constructive custody of your assets or collect fees as described in the preceding paragraph we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Our firm has no financial circumstances to report. Additionally, our firm has not been the subject of a bankruptcy proceeding at any time during the past ten years.