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**Firm Brochure for Private and Institutional Clients
(Part 2A of Form ADV)**

Updated: September 27, 2013

This Brochure provides information about the qualifications and business practices of Granite Investment Advisors, Inc. (Granite). If you have any questions regarding the contents of this Brochure, please contact Debra Wentworth, Principal, Chief Compliance Officer (CCO) & VP Operations at 800-851-8431 or via email at debbie@graniteinv.com.

Granite is a registered investment advisor. Registration does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information about which to determine whether or not to hire.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Granite is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This Item will only discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes. Our last annual update was on April 1, 2013.

There have been no material changes since our last interim update dated January 8, 2013.

Our brochure is always available by contacting Debra Wentworth, Principal, Chief Compliance Officer (CCO) & VP Operations at 800-851-8431 or debbie@graniteinv.com. The brochure is also available electronically using the link on our website: www.graniteinvestmentadvisors.com.

The following material changes occurred since our last annual update dated March 27, 2012.

October 3, 2012 – Granite has decided to close the Williamstown, MA office and service our western Massachusetts clients from our Concord, NH office.

Non-Material Changes

This Item will discuss the specific non-material changes that are made to the Brochure.

July 2, 2013 – Granite has a contractual agreement with Boston Capital Group to provide research services.

May 21, 2013 – Granite has a contractual agreement with Quincy Capital Partners, LLC for which it compensates them 50% of the quarterly fee billed to the client for one year. Quincy Capital Partners, LLC agrees to hold in confidence and not to disclose or use for their own benefit any confidential information of Granite.

April 3, 2013 – Granite adopted the Glass Lewis & Co. Proxy Paper Guidelines – Investment Manager Policy for proxy voting recommendations. A copy of the policy is always available by contacting Debra Wentworth, Principal, Chief Compliance Officer (CCO) & VP Operations at 800-851-8431 or debbie@graniteinv.com.

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Item 4 – Advisory Business

Firm Description

Granite was founded in 1983 as E. R. Taylor Investments. In 2001, the firm was acquired by the publicly traded firm Boston Private Financial Holdings, Inc. It was a wholly owned subsidiary. In April 2009, Granite Investment Advisors Holdings, Inc. purchased the firm from Boston Private Financial Holdings, Inc. and changed the name to Granite. The firm's office is located in Concord, NH.

Principal Owners

The firm is owned by its three principals with Scott Schermerhorn, CEO and Timothy Lesko owning 25% or more of the parent company.

Types of Advisory Services

Investment Management Services – Separate Accounts

Granite is an investment advisor that manages client portfolios on a discretionary basis. Discretionary means that upon signing a contract with Granite, clients give us the authority to execute trades (buys and sells) of securities on their behalf. Granite will take instruction to restrict certain securities from being traded on the client's behalf. As of 12/31/12, of the \$519,262,885 in assets under management, \$4,986,783 was non-discretionary.

Granite builds and manages customized investment portfolios for affluent individuals, corporations and non-profit institutions. Our clients include private individuals and families, foundations, endowments, corporations, and public employee retirement funds. Types of accounts managed include: corporate non-retirement, defined benefit (corporate and public), defined contribution, endowment, foundation, individual IRA, individual non-IRA, and trust accounts.

Granite also offers financial planning services to our investment management clients. The first hour of service is complementary for existing clients. The cost for additional service is \$250/hour.

Investment Management Services – The Granite Value Fund

Granite has been retained to serve as investment adviser to the Granite Value Fund ("the Fund"). Granite has overall supervisory management responsibility for the general management and investment of the Fund's portfolio. Huntington Asset Services, Inc. and its affiliates provide administration, accounting, transfer agency and custodial services to the Fund. ***Distributed by Unified Financial Securities, Inc., 2960 North Meridian Street, Suite 300, Indianapolis, IN 46208. (Member FINRA).***

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-888-442-9893 or by writing Huntington Asset Services, Inc., the Fund's transfer agent, at P.O. Box 6110, Indianapolis, Indiana 46206-6110. Past performance is no guarantee of future results.

Research Services

The company provides research and portfolio investment recommendations to Union Bank for use and implementation by Union Bank's Trust & Investment Services department. The Company provides Union Bank with research services. It does not provide brokerage execution or additional services. The company's fees for these services are negotiated pursuant to an Investment Consultant Agreement with Union Bank. Based on Union Bank's size, the company does not feel that its clients would be disadvantaged by any block trades made by Union Bank on behalf of its clients.

The company provides research and portfolio investment recommendations to Boston Capital Group Ltd. for use and implementation by its investment managers. It does not provide brokerage execution or additional services. The company's fees for these services are negotiated pursuant to an Equity Sub-Advisor Agreement. Based on Boston Capital Group's size and location, the company does not feel that its clients would be disadvantaged by any block trades made by Boston Capital Group on behalf of its clients.

Item 5 – Fees and Compensation

Fees are determined based on the type, size and composition of the account. Fees are billed quarterly for all clients.

Private Clients

Fees payable by **clients** for the services of Granite and shall be calculated on the assessed market value of all assets. Any mutual funds managed by Granite will be deducted from the assessed market value of assets. Fees will be based on the tiered schedule as follows:

First \$1 million – 112.5 basis points (1.125% annually)
Next \$1.5 million – 100 basis points (1.000% annually)
Balance over \$2.5 million – 75 basis points (0.750% annually)

Institutional Clients

Fees payable by the **institutional client (introduced by a professional investment consultant)** for the services of Granite shall be calculated on the assessed market value of all assets. Any mutual funds managed by Granite will be deducted from the assessed market value of assets. Fees will be based on the tiered schedule as follows:

First \$10 million - 75 basis points (0.75% annually)
Next \$15 million - 65 basis points (0.65% annually)
Next \$25 million - 55 basis points (0.55% annually)
Next \$50 million - 45 basis points (0.45% annually)
Balance over \$100 million - 35 basis points (0.35% annually)

It is agreed by the Client that the fee will be payable in advance. Clients can either pay directly or authorize Granite to have the fees debited directly from their account with their custodian (broker/bank). Fees are negotiable. Invoices are typically generated in the first month of the quarter and fees are payable upon receipt of invoice. Accounts not managed for a full quarter are billed on a prorated basis. If an account closes in a quarter, the fee will also be prorated. Accordingly, any earned, unpaid fees will be due and payable. A client may terminate their account at any time by notifying this office preferably in writing.

Granite's fees are exclusive of any fees that may be charged by the custodian (commissions, custodial fees, etc). Granite does not receive any portion of these fees but may receive research services (see Brokerage Practices).

Granite may manage accounts beneficially owned by employees or family members and may reduce or waive its normal fee in these circumstances. Granite may modify its standard fee arrangement causing certain clients to pay lower or no management fees.

Item 6 – Performance Fees and Side-by-Side Management

Granite does not charge any performance-based fees.

Item 7 – Types of Clients

Our clients include private individuals and families, foundations, endowments, corporations, investment companies, pensions plans, profit sharing plans, and public employee retirement funds.

Generally, a minimum investment of \$1,000,000 is required. The acceptance of a client below this minimum will be determined by a number of factors including but not limited to: client's assets available for management, choice of custodian, expected level of service, preexisting account relationships, and minimum account fees.

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

Granite offers two main investment strategies:

1. The **Equity Strategy** is comprised mainly of individual stock holdings. Equity accounts typically hold stocks in a range of 90 to 100% of the total portfolio.
2. **Balanced Strategy** is comprised of a mix of individual stock and bond holdings. Balanced accounts typically hold stocks in a range of 40 to 70%, and bonds and cash in a range of 30 to 60% of the total portfolio.

We work with each client to evaluate which strategy is best for them based on their **investment objectives** (what they intend to use the money for), **time horizons** (when they need the money), and **risk tolerance** (how do they feel about the possibility of losing money, can they handle market volatility).

Regardless of strategy the possibility of loss is inherent in any investment.

Granite uses fundamental and quantitative analysis of individual equity (stock) and fixed income (bond) holdings to create investment portfolios for clients.

Equity Investment Process

Step 1: Screening – We start with companies with market capitalization greater than \$2.5 billion. We screen for companies with above average or improving profitability selling at below average valuations. We analyze the resulting companies looking for the most profitable (or anticipation of profitability), change dynamics, and most undervalued using valuation and return on capital (ROC) measurements.

Step 2: Fundamental Analysis - We assess a company's competitive position, analyze financial statements, and interview company management, customers, and competitors.

Step 3: Valuation Analysis – We determine the fair value of a company using a discounted free cash flow model. We purchase stock in companies that we believe to be at least 25% undervalued.

Step 4: Portfolio Construction - We build portfolios with concentrated holdings to capture excess returns. A typical portfolio will hold 30 to 35 positions with an average position size of 3 to 5%. We diversify exposure across economic sectors.

Fixed Income Process

Step 1: Determine a Client Specific Strategy - We review each client's annual income needs, tax status, and risk tolerance. We choose among US Treasury, US Government Agencies, investment grade corporate bonds, and tax-free municipal bonds.

Step 2: Portfolio Positioning - We position our portfolios along the yield curve based on our assessment of where we are in the economic cycle, the level of nominal and real rates compared to historical data, the shape of the yield curve, the outlook for inflation, and the direction of monetary policy.

Step 3: Portfolio Construction - We examine the actual terms of the bonds themselves including call protection, sinking fund provisions, and collateral (if any). For municipals we also examine the relative strength of the taxing authority behind the bonds, i.e. are the bonds general obligations of the state of issuance backed by its full taxing authority, or is the bond backed by a specific revenue stream based on consumer usage of a public facility.

The material risks involved in our equity and balanced strategies are inherent in any investment; that is that the market for a stock or bond holding declines creating a loss of value from the original purchase date of the security. There are no unusual risks involved in our investment strategies. We typically invest in widely traded large capitalization companies which we believe are selling at a discount to the market. We invest for the long term; our average holding period for the securities in our portfolios is four years which means that we do not incur unusual trading costs.

Item 9 – Disciplinary Information

There are no reportable items for this section.

Item 10 – Other Financial Industry Activities and Affiliations

Granite does not participate in any other industry business activities.

Item 11 – Code of Ethics

Granite employees are governed by a Code of Ethics. The Code of Ethics covers the following areas: restrictions on personal securities transactions, reporting requirements, use of inside information, other conflicts of interest, other transactions, background information and review of reports and oversight of the Code of Ethics. A copy of the entire Code is available upon request.

No employee may purchase any equity securities which have a market capitalization greater than or equal to \$2.5 billion or sell any securities which are being bought or sold on behalf of clients until one trading day after such buying or selling is completed or cancelled. Situations may arise where cash inflows and outflows may force portfolio managers to initiate previously unforeseen purchase or sale programs of securities on behalf of client accounts. Should a security be bought or sold for a client account under these circumstances, employees who may have bought or sold the same security within one trading day may be deemed not to be in violation of the Firm's personal trading policy.

Item 12 – Brokerage Practices

Research and Other Soft Dollar Benefits

We earn soft-dollars when we trade with particular custodians. Our soft-dollar ratio is 1.5 to 1.0; meaning for every \$1 we expense, we must pay them \$1.50 in soft dollars. The services we are using soft-dollars for are used by our research staff for the benefit of all clients in the selection of securities to be purchased or sold.

Some broker/dealers may be selected who provide additional research services to Granite. These research services may include advice concerning the value and availability of securities, the advisability of investing in, purchasing or selling securities, and the analysis of reports concerning issuers, industries, securities, economic factors and trends. Some of these services may be of value to Granite in advising its clients. The advisory fees paid to Granite by its clients are not reduced because it receives the services mentioned above.

The broker/dealers who provide these research services to Granite may receive commissions which are slightly higher than the amount of commissions which other broker/dealers may have charged for effecting the same transactions, however, this will only occur if Granite had determined that this additional compensation is reasonable in relation to the value of the firms' brokerage and research services and when viewed in terms of the particular transactions and Granite overall advisory responsibilities with respect to its clients. Certain services provided to Granite may include administrative support services or products, and in this case, Granite makes a reasonable, good faith allocation of expenses between research services to be paid in soft dollars and administrative services or products for which it pays directly; however clients should be aware that this procedure may pose a conflict of interest between Granite's obligation to achieve best execution and its desire to obtain certain administrative services or products.

All brokerage commissions will be borne by the client and are not included as part of the advisory fees paid to Granite.

Choosing a Custodian

Clients may select their own broker or custodian. If there is no present relationship, several alternatives are suggested. We will only suggest relationships where discounts are available, although these may not be the lowest available. We consider the financial strength of the brokerage firm or bank and the efficiency with which the trades are affected.

If instructed by a client to do so, Granite (the "Advisor") will effect all transactions on such clients' behalf through a specified broker, unless it is not possible to effect a particular brokerage transaction through such broker. By effecting brokerage transactions through a specified broker for a particular client, such client may not receive best execution in certain transactions for reasons including, but not limited to, the following: (i) the Advisor will not negotiate brokerage commissions on behalf of such client; (ii) the Advisor may be indirectly compensating such brokers when they charge commission rates higher than those that that Advisor negotiates for other clients; (iii) such client will forgo benefits from savings on execution costs that may otherwise be obtained, such as volume discounts received by batching or aggregating client orders; and (iv) the client may incur brokerage charges which are higher than those incurred by other clients of the Advisor. In addition, there is a potential conflict of interest when a client referred to us by a broker directs us to use that broker because we have an interest in obtaining future referrals from that broker, and this desire for future referrals may be in conflict with our obligation to achieve best execution on behalf of the client.

Granite may receive training, additional benefits and/or services from custodians that are not available to retail clients based on Granite's client asset levels. The benefits may be used for all clients and not just those with assets at that custodian.

Debra Wentworth, Principal, Chief Compliance Officer (CCO) & VP Operations, of Granite serves on the Schwab Advisor Services Technology, Operations and Service Advisory Board (the "Board"). As described

earlier Granite may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") to maintain custody of the clients' assets and effect trades for their accounts. The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for three-year terms. Mrs. Wentworth's term ends May 2015. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol SCHW). The Board meets in person approximately once per year and has periodic conference calls scheduled as needed. Board members are not compensated by Schwab for service, but Schwab does pay for or reimburse Board members' travel, lodging, meals, and other incidental expenses incurred in attending Board meetings.

Directed Brokerage

In circumstances where a client directs us to use a particular broker, the potential conflict between our client's interest in obtaining best execution of their trade and our interest in receiving future referrals from the directed broker is due to the fact that the direction from a client to use a particular broker may result in referrals of additional clients and business to us by such broker.

When the account is located at a bank, generally all trades will be executed at the prevailing institutional rate for the size of the account as is in use. For some clients, the location of the brokerage firm or bank may also be a consideration.

Trade Allocations

Although investment decisions for each of our clients will be made by us independently from the investment recommendations or determinations made on behalf of other clients, from time to time, investments deemed appropriate for one client may also be deemed appropriate for other clients, so that the same security may be purchased or sold at or about the same time for more than one client. If we purchase or sell the same security for more than one account at or about the same time, we may aggregate or "bunch" the orders. We will not aggregate orders unless we believe that aggregation is in the best interests of all clients involved, is consistent with our duty to seek best execution for its clients and is consistent with the terms of our investment advisory agreement with each client for whom orders are being aggregated.

Nevertheless, there is no assurance that aggregation of orders will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. When orders are aggregated, the actual prices and transaction costs applicable to the trades will be averaged, and the accounts will be deemed to have purchased or sold their proportionate share of the securities involved at the average price so obtained. For certain transactions involving fixed income securities, it may not be beneficial to the clients involved in the transaction to allocate the securities pro rata based on the original order(s), as in some cases this could result in fractional bonds. In these instances, we will re-evaluate the suitability of the investment for the accounts involved in the order(s) and allocate accordingly. For all aggregated orders, a pre-execution aggregation statement, indicating the participating client accounts and the method of allocation among accounts if other than pro rata, will be used. If an order must be allocated in a manner different from that on the aggregation statement, all participating clients will receive fair and equitable treatment.

Item 13 – Review of Accounts

Accounts are reviewed quarterly for objective and discretion. The accounts are reviewed first by Debra Wentworth and then by the managing portfolio manager.

Accounts are reviewed when the investment committee decides to purchase a stock. This review is to ensure that the security is appropriate for that account and its objective. When a new security is purchased, an Investment Thesis is sent to the clients for whom it was purchased.

We communicate with our clients in several ways. On a quarterly basis, we provide clients with a letter that contains comments on current economic and market conditions along with reports specific to their accounts. At least quarterly, we send an Insights newsletter discussing pertinent topics. Quarterly we have a conference call for our clients to discuss what is happening in the market and current economic events. We maintain a website that can be accessed by going to either www.grainteinv.com or www.graniteinvestmentadvisors.com and a blog at www.granitesedge.com.

Item 14 – Client Referrals and Other Compensation

Solicitor Arrangements - External

Granite has a contractual agreement with Strategic Pension Planning, LLC for which it compensates Strategic 25% of the quarterly fee billed to the client. Strategic Pension Planning agrees to hold in confidence and not to disclose or use for its own benefit any confidential information of Granite.

Granite has a contractual agreement with James V. Ash for which it compensates him 25% of the quarterly fee billed to the client in year one and 20% in year two. Mr. Ash agrees to hold in confidence and not to disclose or use for his own benefit any confidential information of Granite.

Granite has a contractual agreement with Lewis E. Gilman, Jr. for which it compensates him 25% of the quarterly fee billed to the client for two years. Mr. Gilman agrees to hold in confidence and not to disclose or use for his own benefit any confidential information of Granite.

Granite has a contractual agreement with Quincy Capital Partners, LLC for which it compensates them 50% of the quarterly fee billed to the client for one year. Quincy Capital Partners, LLC agrees to hold in confidence and not to disclose or use for their own benefit any confidential information of Granite.

Solicitor Arrangements - Internal

Granite may compensate certain employees who refer client advisory business to the Company. Any commission/referral payments made to such employees are paid directly by Granite and will not result in any increased fees or charges to the client.

Item 15 – Custody

With the exception of being given the ability to deduct management fee payments from client accounts, Granite's contract provides that under no other circumstances will it obtain direct custody of any client funds or securities.

It is recommended that clients carefully review the custodial statements that they receive with the reports prepared by Granite. Our reports may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies. All questions regarding variations can be directed to either your portfolio manager or the operations manager. Granite reports quarterly to its clients however if questions arise prior to the quarterly distribution, we certainly want to hear from you.

In limited circumstances, a principal or employee of Granite may serve as a trustee for a trust which may or may not be a client of Granite. Trustees in such situations do not receive a fee.

Item 16 – Investment Discretion

Clients sign a contract giving Granite discretionary authority to execute the purchase and sale of securities on their behalf. Discretion is exercised in a manner consistent with the investment objectives set out at the beginning of an investment management relationship. It is important to communicate any changes in your investment objectives.

Item 17 – Voting Client Securities

Proxy Voting Policy

POLICY

Granite Investment Advisors, Inc. believes that corporate proxies have economic value and we encourage clients to be involved in the investment process by voting proxies on the stocks in their portfolio. We assume that clients choose to vote their proxies. Granite will vote all proxies it receives. For ERISA accounts, the plan documents should state clearly who has authority and responsibility to vote all proxies. As of April 1, 2013 Granite began using the Glass Lewis & Co. Proxy Paper Guidelines – Investment Manager Policy. Contact Debbie Wentworth, Chief Compliance Officer, for a copy of Granite's voting history.

PROCEDURE

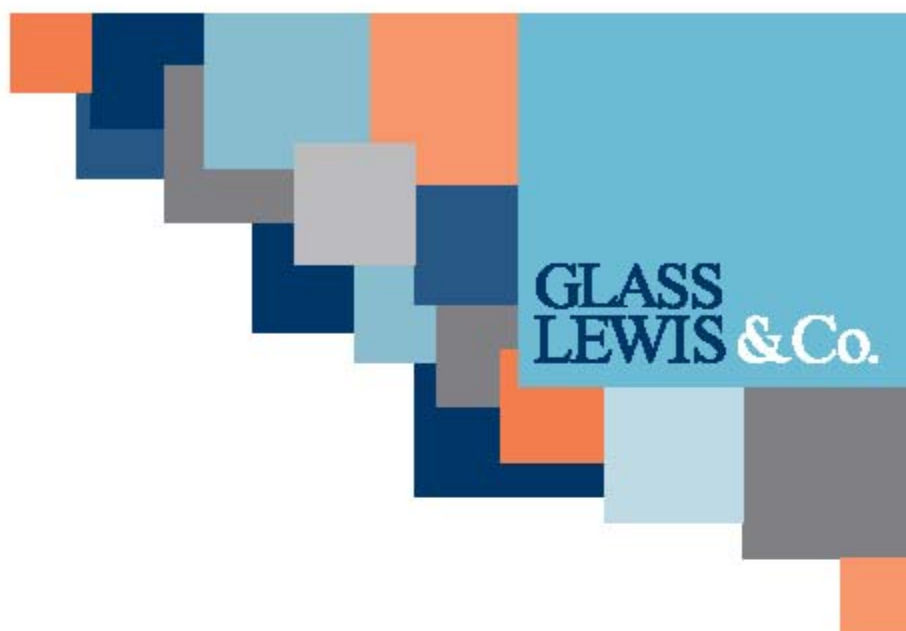
When a client elects for Granite to assume the responsibility of voting proxies, the following procedures will be in place:

- Granite will work to have all proxies consolidated electronically at Broadridge Investor Communication Solutions, Inc.
- Granite has contracted Broadridge to provide voting recommendations in accordance with the Glass Lewis & Co. Proxy Paper Guidelines – Investment Manager Policy. The proxies will be voted using the recommendation unless we choose to override that recommendation.
- If paper proxies are received we will determine the Glass Lewis & Co. Proxy Paper Guidelines – Investment Manager Policy recommendation and use that information to vote the proxy.
- If there is not a recommendation then we will vote the proxy with company management.
- Upon written request, a quarterly review of proxy activity will be provided. It will include the following information:
 - Companies issuing proxy material
 - Issues and/or shareholder proposals
 - Our vote

SUMMARY OF POLICY GUIDELINES

As of April 3, 2013 we began using the Glass Lewis & Co. Proxy Paper Guidelines – Investment Manager Policy.

A copy of the policy follows this page.



PROXY PAPER™ GUIDELINES

2013 PROXY SEASON

INVESTMENT
MANAGER POLICY
AN ADDENDUM TO THE PROXY PAPER POLICY GUIDELINES



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The Glass Lewis Investment Manager Guidelines are designed to maximize returns for investment managers by voting in a manner consistent with such managers' active investment decision-making. The guidelines are designed to increase investor's potential financial gain through the use of the shareholder vote while also allowing management and the board discretion to direct the operations, including governance and compensation, of the firm.

The guidelines will ensure that all issues brought to shareholders are analyzed in light of the fiduciary responsibilities unique to investment advisors and investment companies on behalf of individual investor clients including mutual fund shareholders. The guidelines will encourage the maximization of return for such clients through identifying and avoiding financial, audit and corporate governance risks.

MANAGEMENT PROPOSALS

ELECTION OF DIRECTORS

In analyzing directors and boards, Glass Lewis' Investment Manager Guidelines generally support the election of incumbent directors except when a majority of the company's directors are not independent or where directors fail to attend at least 75% of board and committee meetings. In a contested election, we will apply the standard Glass Lewis recommendation.

AUDITOR

The Glass Lewis Investment Manager Guidelines will generally support auditor ratification except when the non-audit fees exceed the audit fees paid to the auditor.

COMPENSATION

Glass Lewis recognizes the importance in designing appropriate executive compensation plans that truly reward pay for performance. We evaluate equity compensation plans based upon their specific features and will vote against plans that would result in total overhang greater than 20% or that allow the repricing of options without shareholder approval.

The Glass Lewis Investment Manager Guidelines will follow the general Glass Lewis recommendation when voting on management advisory votes on compensation ("say-on-pay") and on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the Investment Manager Guidelines will follow the Glass Lewis recommendation when voting on the preferred frequency of advisory compensation votes.

AUTHORIZED SHARES

Having sufficient available authorized shares allows management to avail itself of rapidly developing opportunities as well as to effectively operate the business. However, we believe that for significant transactions management should seek shareholders approval to justify the use of additional shares. Therefore shareholders should not approve the creation of a large pool of unallocated shares without some rationale of the purpose of such shares. Accordingly, where we find that the company has not provided an appropriate plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, we typically vote against the authorization of additional shares. We also vote against the creation of or increase in (i) blank check preferred shares and (ii) dual or multiple class capitalizations.

SHAREHOLDER RIGHTS

Glass Lewis Investment Manager Guidelines will generally support proposals increasing or enhancing shareholder rights such as declassifying the board, allowing shareholders to call a special meeting, eliminating supermajority voting and adopting majority voting for the election of directors. Similarly, the Investment Manager Guidelines will generally vote against proposals to eliminate or reduce

shareholder rights.

MERGERS/ACQUISITIONS

Glass Lewis undertakes a thorough examination of the economic implications of a proposed merger or acquisition to determine the transaction's likelihood of maximizing shareholder return. We examine the process used to negotiate the transaction as well as the terms of the transaction in making our voting recommendation.

SHAREHOLDER PROPOSALS

We review and vote on shareholder proposals on a case-by-case basis. We recommend supporting shareholder proposals if the requested action would increase shareholder value, mitigate risk or enhance shareholder rights but generally recommend voting against those that would not ultimately impact performance.

GOVERNANCE

The Glass Lewis Investment Manager Guidelines will support reasonable initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, elimination in/reduction of supermajority provisions, the declassification of the board and requiring the submission of shareholder rights' plans to a shareholder vote. The guidelines generally support reasonable, well-targeted proposals to allow increased shareholder participation at shareholder meetings through the ability to call special meetings and ability for shareholders to nominate director candidates to a company's board of directors. However, the Investment Manager Guidelines will vote against proposals to require separating the roles of CEO and chairman.

COMPENSATION

The Glass Lewis Investment Manager Guidelines will generally oppose any shareholder proposals seeking to limit compensation in amount or design. However, the guidelines will vote for reasonable and properly-targeted shareholder initiatives such as to require shareholder approval to reprice options, to link pay with performance, to eliminate or require shareholder approval of golden coffins, to allow a shareholder vote on excessive golden parachutes (i.e., greater than 2.99 times annual compensation) and to clawback unearned bonuses. The Investment Manager Guidelines will vote against requiring companies to allow shareholders an advisory compensation vote.

ENVIRONMENT

Glass Lewis' Investment Manager Guidelines vote against proposals seeking to cease a certain practice or take certain action related to a company's activities or operations with environmental. Further, the Glass Lewis' Investment Manager Guidelines generally vote against proposals regarding enhanced environment disclosure and reporting, including those seeking sustainability reporting and disclosure about company's greenhouse gas emissions, as well as advocating compliance with international environmental conventions and adherence to environmental principles like those promulgated by CERES.

SOCIAL

Glass Lewis' Investment Manager Guidelines generally oppose proposals requesting companies adhere to labor or worker treatment codes of conduct, such as those espoused by the International Labor Organization, relating to labor standards, human rights conventions and corporate responsibility at large conventions and principles. The guidelines will also vote against proposals seeking disclosure concerning the rights of workers, impact on local stakeholders, workers' rights and human rights in general. Furthermore, the Investment Manager Guidelines oppose increased reporting and review of a company's political and charitable spending as well as its lobbying practices.

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Item 18 – Financial Information

Granite does not have any financial impairment that will preclude the firm from meeting its contractual commitments to its clients. As we do not serve as custodian for client assets, a balance sheet is not required to be provided.

Privacy Notice

At Granite, protecting the privacy and confidentiality of your personal information is important to our employees and to us. We value your business and the trust you put in Granite. To offer you the financial products and services you seek, we collect, maintain and use information about you on a routine basis. To help you better understand how your personal information is protected here at Granite, we are providing you with the following statement describing our practices and policies with respect to the privacy of customer information. In the event you terminate your client relationship with us, or become an inactive client, we will continue to adhere to the policies and practices described in this notice.

Information We Collect

As a trusted investment advisor, we collect, retain and use nonpublic personal information about individual clients to provide products and services to our clients. We may collect nonpublic personal information about you from such sources as: 1. Applications or other forms; 2. Information about your transaction with us, or others.

Who Receives Information and Why

All of the information Granite collects is used for only one purpose: to help deliver the services you've requested, easily and efficiently. It may also permit Granite to design and offer specific products that will be useful to you. Granite does not disclose any non-public personal information about our clients or former clients to anyone, except as permitted by law.

Service Providers

At times, Granite will enter into arrangements with companies or firms whose expertise is essential for Granite's own services to function properly or to complete transactions. For example, Granite works with specialized firms that provide computer consultation. As permitted by law, certain service providers have access to customer information that is necessary to perform these functions. Granite's service providers are required to safeguard your information and use it only for authorized purposes.

How We Protect Your Information

We understand that the protection of your nonpublic personal information is of the utmost importance. Guarding your privacy is our obligation. Granite maintains strict procedures and policies to safeguard your privacy. We restrict employee access to customer information to only those who have a business reason to know such information, and we educate our employees about the importance of confidentiality and client privacy.

Where to Find Out More

If you have any questions about our privacy program or the way your information is maintained and used, we would like to hear from you. Please call us at (603) 226-6600, or write to:

Debra Wentworth
Principal, Chief Compliance Officer (CCO) & VP Operations
Granite Investment Advisors, Inc.
11 S. Main St., Ste 501
Concord, NH 03301

Your trust is important and Granite is committed to protecting your privacy, whether you do business with our company in person, by telephone or by mail. Thank you for choosing Granite.