



Form ADV Part 2A  
Investment Adviser Brochure

December 31, 2012

This brochure provides information about the qualifications and business practices of Brock Fiduciary Services LLC ("Brock" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (212) 209-3000 ext 300 and/or [info@brockcapital.com](mailto:info@brockcapital.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.

Additional information about the Firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2:     Summary of Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually if material changes have occurred since the previous release of the Firm Brochure.

### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (212) 209-3000 ext 300 or by email at: [info@brockcapital.com](mailto:info@brockcapital.com).

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## **Item 4:     Advisory Business**

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### **Firm Description**

Brock Fiduciary Services LLC is an Investment Adviser providing advice to pension and profit sharing plans, as well as trusts. The Firm was founded in 2009.

### **Principal Owner**

The Firm is a wholly-owned subsidiary of Brock Capital Group LLC.

### **Types of Advisory Services**

Brock offers independent fiduciary services, portfolio management, and general investment advice.

### **Independent Fiduciary Services**

Acting as an independent fiduciary, the Firm represents the interests of plan participants in employee benefit plans holding employer stock or other securities. The use of an independent fiduciary:

- gives plan participants an independent, expert voice to respond to company efforts that might otherwise adversely affect benefit plan assets;
- permits benefit plans to take advantage of attractive investment opportunities that ERISA's prohibited transaction provisions would otherwise preclude; and
- helps extricate plan sponsors and general fiduciaries from conflict situations that may threaten them with significant legal liabilities.

In connection with providing independent fiduciary services, the Firm may assume discretionary management of client assets.

### **Portfolio Management and General Investment Advice**

Brock provides continuous advice to clients regarding investment of client funds based on their individual needs and restrictions, if any. The Firm works closely with its clients to establish tailored investment strategies and objectives. The services provided may include advice on portfolio construction, asset allocation, portfolio review/analysis and analysis/management of specific securities.

### **Client Assets**

As of 12/31/2012, the Firm manages approximately \$23,022,000,000 in assets, all of which is managed on a discretionary basis.

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

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### **Compensation**

Brock does not employ a standard fee schedule for all clients. Fees and payment terms are negotiable depending on each client's unique situation, including the amount of assets, type of portfolio, time involved, degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, application of experience and knowledge of the client's situation.

### **Calculation and Payment**

The specific manner in which client fees are charged is describe in each client's written agreement with the Firm. Fees are typically due and payable quarterly in advance. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Other Fees**

Brock's fees do not include transaction fees and other related costs and expenses which may be incurred by the client.

### **Additional Compensation**

Brock does not accept compensation for the sale of securities or other investment products.

One of the Firm's supervised persons is also a member of Brock Securities LLC, a registered broker-dealer that may accept compensation for assisting clients in identifying sources of funding. This practice would present a conflict of interest if the Firm were to recommend investment products to clients, as it would give such person an incentive to recommend products based on the compensation received, rather than on a client's needs. The Firm does not presently recommend specific investment products to any of its clients.

### **Conflicts of Interest**

Brock maintains and operates internal organizational and administrative arrangements taking into account the various services the Firm provides. Brock is modestly sized, consisting of fewer than fifty professionals, which allows the Firm to readily identify potential conflicts of interest and flexibly staff any engagement. In the event that any new opportunity presents a potential conflict of interest with an existing client engagement or an outside responsibility of one a supervised person (such as a directorship), the Firm would refuse the engagement or, subject to client approval, the conflicted supervised person would not participate in the provision of services for such new opportunity. The Firm would then prevent conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of privileged information among supervised persons.

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

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Neither Brock nor any of its supervised persons accepts 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**

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### **Types of Clients**

As described in Item 4, Brock's clients include public and private pension and profit sharing plans, as well as trusts.

### **Account Minimums**

While the Firm does not have a minimum account size applicable to all clients, the Firm does not currently have any client with an account size of less than \$100 million.

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

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### **Methods of Analysis**

Brock employs a variety of analytical methods, including economic, fundamental, credit, interest rate, market, asset class, industry/sector, and valuation analysis.

The Firm has access to a wide variety of research, both from Wall Street and other institutional research sources, and through contacts with various investment organizations. In addition to sourcing anything published by “sell side” analysts, Brock has client relationships that afford access to research of leading investment consultants, analyses based on published government statistics, and certain “buy side” materials. Working on behalf of its institutional clients, the Firm has found it can readily source all relevant information. Brock's expertise is in the integration of research, in the use of such information to assess implications for investment strategies and holdings, and in synthesizing research reports from a wide range of sources to provide concise and relevant materials to its clients.

Brock employs the classic “efficient portfolio theory” coupled with probabilistic measures of results over time, which are similar to what all practitioners use. The difference is not in the “models”; it is in the judgment used in applying the results of such models. Brock is in a position to compare the input data of various experts’ models, and make its own judgments about which work best as a starting point. The Firm also tests the sensitivity of the output to a shift in the inputs. Brock focuses on probability distributions of results during a time period as well as at the end of the period (which is where most analyses stop). It is of no use to a contemporary investment organization to “believe” that its model will yield the “right” performance in twenty years if, at the end of five, performance is off 25%. Brock believes in the importance of measuring and recognizing that volatility within an investment period is at least as important—and perhaps, from a pragmatic point of view, more important—than volatility in end-period results.

### **Investment Strategies**

Brock believes that quantitatively based “optimization models”, along with incorporation of probabilistic techniques, can provide a good starting point for thinking about investment strategies and portfolio mix recommendations. The Firm's distinctive view is that rote use of such models can be disastrous, since knowledgeable model builders can obtain the results they seek by adjusting the input parameters and data, within entirely reasonable ranges. Thus, Brock starts with quantitative approaches, but brings to bear extensive market research and intelligence to inform judgment and recommendations, which always include an assessment of a client’s risk tolerances.

The Firm believes that portfolio structure should not be viewed as a long-term “stasis”, which is one of the consequences of the application of investment technology and theory in the 1980’s and 1990’s. The first decade of this century has made it perfectly obvious that “set it and forget it” is not a winning strategy, certainly not for large, complex investment entities. At the same time, Brock fully understands the futility (and costs) of too frequent trading and repositioning, and tend to avoid “tactical asset allocation” and similar such approaches. The Firm believes that a more valuable, emerging approach involves renewed attention to fundamentals, an unwavering commitment to

portfolio diversification, a recognition that there are capital markets trends, as well as cycles in certain sub-segments, a willingness to make the judgments necessary to adapt portfolios to such changes, and a recognition that some adjustments must be made in a more timely way than complex governance structures sometimes allow.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Brock does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. The Firm cannot offer any guarantees or promises that our clients' financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Item 9:     Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Brock's advisory business or the integrity of its management. The Firm and its employees have not been involved in any legal or disciplinary events related to past or present advisory clients.

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

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### **Affiliations**

Brock's affiliated entities include Brock Securities LLC, a registered broker-dealer. The entities owned by Brock Capital Group LLC may share certain resources, such as human resources and technology support systems. The Firm has implemented policies and procedures to help ensure that adequate information barriers exist between Brock and its affiliates and that Brock operates independently of Brock Capital Group LLC. Brock does not market investment products or strategies, including registered and unregistered investment companies, managed by its affiliates. Brock does not have arrangements with any affiliated entities that are material to the Firm's advisory business.

### **Other Investment Advisors**

Brock may, at times, recommend or select other investment advisors for its clients.

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

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### **Code of Ethics**

Brock's Code of Ethics includes guidelines for professional standards of conduct that are designed to protect the interests of its clients at all times and to demonstrate the Firm's commitment to fiduciary duties of honesty, good faith, and fair dealing. All of Brock's Associated Persons are expected to adhere strictly to these guidelines. Persons associated with the Firm are required to report any violations of our Code of Ethics. Additionally, Brock maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about its clients by persons associated with the Firm. A copy of Brock's Code of Ethics is available may be obtained by contacting Abhishek Mathur at (212) 209-3000 ext 444.

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

Neither Brock nor its employees: (i) recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest; (ii) invest in the same securities that they recommend to clients; or (iii) recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that they buy or sell the same securities for their own accounts.

## **Item 12: Brokerage Practices**

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### **Research and Other Soft Dollar Benefits**

Brock has no written or verbal agreements pursuant to which it receives soft dollars.

### **Brokerage for Client Referrals**

Brock does not receive client referrals from broker-dealers.

### **Directed Brokerage**

Brock does not select or recommend broker-dealers to clients.

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

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### **Reviews**

The Firm designates an engagement partner for each client, whose responsibilities include on-going oversight of such client's portfolio's investments, buying and selling securities, and communication with clients.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

### **Reporting**

Brock provides each client with customized written reports with such content and frequency as is specified in such client's written engagement letter with the Firm.

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

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### **Client Referrals**

Brock does not make or accept referral fees or any form of remuneration from other professionals.

### **Other Compensation**

The Firm does not receive any economic benefits (other than normal compensation) from any third-party firm or individual for providing investment advice.

## Item 15: Custody

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The Firm does not have custody of client funds or securities.

## Item 16: Investment Discretion

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### **Discretionary Authority**

Pursuant to an investment advisor agreement, Brock may accept discretionary authority to buy or sell securities on behalf of a client. When such powers exist between Brock and the client, Brock has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought or sold to satisfy such client's objectives. Brock may accept any reasonable limitation or restriction to such authority as the client may specify.

## **Item 17: Voting Client Securities**

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Brock does not currently have, and will not accept, discretionary authority to vote client securities. Clients generally retain the responsibility for receiving and voting proxies. If requested, Brock may provide advice to clients regarding proxy votes. If any conflicts of interest exist, it will be disclosed to the client. Clients may contact Brock at (212) 209-3000 for information about proxy voting.

## **Item 18: Financial Information**

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Brock has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

The Firm does not require or solicit prepayment of more than \$1,200 in fees per clients, six months or more in advance.

## Item 19: Requirements for State-Registered Advisers

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Brock is not registered with any states securities authorities.