

**Item 1 – Cover Page**

**WAVERLY ADVISORS LLC**

**Form ADV Part 2A – Disclosure Brochure**

**March 26, 2013**

This Disclosure Brochure provides information about the qualifications and business practices of Waverly Advisors LLC. If you have any questions about the contents of this Disclosure Brochure, please contact us at (607) 684-5300.

Waverly Advisors is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about us to assist you in determining whether to retain us.

Additional information about Waverly Advisors and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Waverly Advisors LLC**  
**CRD No: 160604**  
**228 Cedar Street**  
**Corning, NY 14830**  
**Phone: (607) 684-5300**  
**[www.waverlyadvisors.com](http://www.waverlyadvisors.com)**

## **Item 2 – Material Changes**

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This Brochure is intended to provide clients with a clearly written and meaningful disclosure, in plain English, about our business practices, conflicts of interest and advisory personnel. Form ADV 2 is divided into two parts: *Part 2A and Part 2B*.

*Part 2A* (the “Disclosure Brochure”) provides information about a variety of topics relating to our business practices and conflicts of interest. *Part 2B* (the “Brochure Supplement”) provides information about our advisory personnel.

We believe communication and transparency are the foundation of our relationship and continually strive to provide our clients with the complete and accurate information at all times. We encourage all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### **Current Filing**

In this Item 2, we are required to discuss specific material changes that are made to this Brochure and provide you with a summary of the material changes since the date of our last Brochure, March 2012.

### **Future Changes**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each client annually and if a material change occurs in our business practices.

At any time, you may view the current Disclosure Brochure on-line at the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for Waverly Advisors:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **160604** (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number”.
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (607) 684-5300.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Waverly Advisors LLC is organized as a limited liability company (LLC) under the laws of the State of New York. Waverly Advisors was founded in 2009 and is owned and operated by Andrew D. Barber, Managing Director.

### **B. Advisory Services Offered**

Waverly Advisors provides tactical overlay management for wealth managers and institutional investors as well as direct investment management services for individual accounts.

#### Sub-advisory Services

Waverly Advisors acts as a sub-advisor to hedge funds, mutual funds and independent wealth managers.

We provide these clients with risk management and investment insights drawn from over 40 years of combined trading experience. By tracking client portfolios in real time, Waverly Advisors' investment team is able to function as an internal research and trading group capable of participating in the entire portfolio management process. Combining original analysis with projects fielded on an inquiry basis, our team functions as a natural extension of our clients.

#### Individual Managed Accounts

Waverly Advisors provides customized investment advisory solutions for institutional, individual and high net worth individual clients based on its core investment philosophy described below in this Item. We work with each client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to determine if the client's objectives align with the portfolio management strategies we offer. We then construct a portfolio, consistent with their investment philosophy.

Waverly Advisors will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services for individual managed accounts. At no time will Waverly Advisors accept or maintain custody of a client's funds or securities. All client assets will be managed within their designated brokerage account or pension account, pursuant to a client investment advisory agreement.

#### Investment Strategy

Waverly Advisors LLC is a tactical research and advisory firm focused on capturing absolute returns across the full spectrum of liquid asset classes including equities, commodities, currencies, and

fixed income. Our focus is on active portfolio management with a normal investment horizon ranging from several weeks to many months.

We strive to understand the forces that are driving the financial markets, guided by a disciplined analytical process and core beliefs acquired through real world experience. Though much of our work is focused on market structure and price action, we reject most of the traditional tools of technical analysis. We believe that in order to consistently outperform, it is necessary to recognize paradigm shifts and to apply the right tools to prevailing market environment. While we strive for absolute performance, we also know that no magic formulas exist. Markets change, and so must any successful investment philosophy.

Although we are often contrarian in our views, we recognize that mispricings exist and may persist for extended periods of time; market participants can and do make irrational decisions. A purely fundamentally-driven approach is blind to these factors, and accepts many unnecessary risks. We respect the power that sentiment and money flows have over markets, which expresses itself through the tactical elements of price action and market structure.

We also know that superior investment performance is not achievable without accepting risk; risk is an ever-present companion of opportunity. Our first and most important mandate is always risk management—our job is to assume the correct risks at the correct time, and to manage those risks appropriately.

Finally, we believe that objectivity and humility are a necessary part of any effective investment process. Though much is known and quantified, by definition successful investors must always work on the edge of what is knowable. Intellectual flexibility combined with continuous risk management discipline is essential to long-term success. What we do is straightforward: We work hard every day to face risk objectively, and to seize opportunity when it appears.

### Investment Research

Our research blends four primary disciplines: quantitative analysis, macroeconomic analysis, fundamental analysis and derivatives acumen.

### *Quantitative Analysis*

Our quantitative research represents a fusion of the best elements of statistically-driven pattern analysis, behavioral finance, and a relative value approach that seeks to understand the allocation decisions of large market participants. Our research process covers an array of markets and environments from high frequency analysis of modern stocks and futures markets, to the patterns of pre-electronic open outcry markets, to commodity prices in medieval Europe and antiquity. We understand that markets exist in varying regimes; the tools that are useful in one paradigm may be exactly the wrong tools to apply in another. Our tactical/quantitative process represents a significant departure from traditional technical analysis: it incorporates a statistical approach with a regime shift model and an element of human discretion, all under the aegis of a disciplined risk management system.

### *Macroeconomic Analysis*

Our macroeconomic analysis process focuses on discovering inflections that may represent developing shifts in long-term trends; this work is an invaluable input in an investment process that seeks to understand market action from many perspectives. We do not believe that economic analysis can be used to predict market movements successfully over shorter time frames, and focus instead on the impact of money flows and behavioral psychology as a risk management tool.

### *Fundamental Analysis*

We employ a top-down fundamental approach across full market segments; whether focused on a portion of the industrial commodity complex, a specific equity sector or a relative value spread in the bond market our approach remains the same: we focus on the known fundamental factors to aid our risk perspective, allow tactical considerations to dictate timing and risk management decisions.

### *Derivatives*

Waverly Advisors' team brings decades of real world experience managing risk in the derivatives markets across multiple asset-classes, strategies, and time frames. Our expertise in portfolio structure, quantitative, fundamental and macroeconomic analysis is designed to assist us in understanding how derivatives can and should be deployed inside the context of an overall portfolio process.

## **C. Client Account Management**

Prior to engaging Waverly Advisors to provide investment advisory services, each client is required to enter into an investment advisory agreement that defines the terms, conditions, authority and responsibilities of Waverly Advisors and the client. These services may include:

Establishing an Investment Policy Statement – We, in conjunction with the client, may develop a statement that summarizes the client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.

Portfolio Construction – We will develop a portfolio for the client that is intended to meet the stated goals and objectives of the client.

Investment Management and Supervision – We will provide investment management and ongoing oversight of the client's portfolio and overall account.

## **D. Wrap Fee Programs**

We do not manage or place client assets into a wrap fee program. Investment management services are provided directly by Waverly Advisors.

## **E. Assets Under Management**

Waverly Advisors is a sub-advisor to an account with assets under management of approximately \$195 million.

## **Item 5 – Fees and Compensation**

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### **A. Fees for Advisory Services**

The institutional clients for whom we provided sub-advisory services and other clients for whom we provide advisory services generally pay different types of fees. We may be compensated for our services in three ways: flat fees, asset-based management fees and/or performance fees.

#### Flat Fees

Unaffiliated investment advisers and wealth managers whom we serve as a sub-adviser often pay a flat fee. The amount of the flat fee is negotiable, taking into account the scope of services and complexity of the assignment, among other variables.

#### Asset-based Management Fees; Performance Fees

Certain institutional clients whom we serve as a sub-adviser, generally including mutual funds and unaffiliated wealth managers, typically pay an asset-based management fee that ranges from 3.5 basis points to 25 basis points. The fee is negotiable in our discretion, taking into account the assets under management and the complexity of the assignment, among other variables.

Individual and institutional Separate account clients for whom we act as the primary investment adviser generally pay a quarterly asset-based management fee (“Management Fee”) and a limited number of cases, a combination of asset-based management fees and performance fees. Both fees are negotiable in our discretion, taking into account the assets under management and the investment objectives, among other variables.

For more information on performance-based fees, see Item 6: Performance-based Fees and Side-by-Side Management.

### **B. Fee Billing**

Flat fees are generally invoiced and paid by the client monthly or quarterly in advance as per a written sub-advisory agreement.

Management Fees are generally paid quarterly pursuant to the terms of a written investment advisory agreement. Management Fees are based on the market value of assets under management at the end of each calendar quarter and are charged at an annual rate that ranges from .5% to 3.0% in our discretion. The actual rate depends on certain variables—primarily the size of the account (i.e., assets under management).



Performance fees are generally paid quarterly or annually. Performance fees are based on a percentage rate which is separately negotiated with each “qualified client” in our discretion. The term “qualified client,” is defined in Item 6: Performance-based Fees and Side-by-Side Management.

Clients may elect to pay our fees directly or give us written authorization permitting fees to be paid directly from their accounts held by the custodian as part of the advisory agreement and separate account forms provided by the custodian. In all cases, we send an invoice, either to the client or to the custodian, indicating the amount of the fees to be deducted from the client account on the payment date. In the case of Management Fees, the amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Waverly Advisors at the end of each quarter. Performance fees are calculated as set forth in Item 6: Performance-based Fees and Side-by-Side Management

Clients who authorize us to receive fees directly from their accounts held by the custodian receive a statement, at least quarterly, from the custodian showing the deduction of our fee. It is the responsibility of the client to verify the accuracy of the fees shown on the custodian’s statement as the custodian does not assume this responsibility.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Waverly Advisors. Among other things, the client pays all custodial and securities execution fees charged by the custodian and executing broker-dealers. Our fee(s) are separate and distinct from these custodian and execution fees.

In addition, all fees paid to Waverly Advisors for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund’s prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A client could invest in these products directly, without the services of Waverly Advisors, but would not receive the services provided by Waverly Advisors which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client’s financial situation and objectives. Accordingly, the client should review both the fees charged by the fund[s] and the fees charged by Waverly Advisors to fully understand the total fees to be paid.

### **D. Advance Payment of Fees and Termination**

In most cases, we are compensated for our services in advance at the beginning of each calendar quarter. Clients may request to terminate their investment advisory agreement with Waverly Advisors, in whole or in part, by providing advance written notice. The client shall be responsible for fees up to and including the effective date of termination. The investment advisory agreement is non-transferable by us without your written approval.

### **E. Compensation for Sales of Securities**

Waverly Advisors does not receive any compensation for securities transactions in any client account, other than the advisory fees discussed in this Disclosure Brochure.

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

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Waverly Advisors may receive a Performance Fee based upon any gains obtained in the individual managed accounts of “Qualified Clients.”

**Only** Qualified Clients as defined below may be charged a Performance Fee. The Performance Fee methodology is detailed below.

### **Who is a “Qualified client”?**

The Investment Advisers Act of 1940 (the “Advisers Act”), Rule 205-3(d)(1) defines a “Qualified client” as one who is financially sophisticated and meets one or more of the following financial requirements:

1. client is a natural person who or a company that immediately after entering into the contract has at least \$750,000 under the management of the Advisor;
2. client is a natural person who or a company that immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse)(excluding his/her principal residence) of more than \$2,000,000 at the time the contract is entered into.

Performance Fees for individual managed accounts are calculated quarterly or annually in arrears and generally deducted from client accounts directly by the custodian.

**Performance fee arrangements may create an incentive for us to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.**

Also, the receipt of a performance fee from certain clients may result in a potential conflict of interest, where Waverly Advisors has the potential for higher compensation from a client.

## **Item 7 – Types of Clients**

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Waverly Advisors offers investment advisory services to individuals, high net worth individuals and mutual funds. The relative percentage each type of client is available on Waverly Advisors’ Form ADV Part 1. These percentages will change over time. Waverly Advisors generally requires a minimum account size of \$100,000 to establishing an advisory relationship for individual managed account(s).

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

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## **A. Methods of Analysis**

As more fully set forth in Item 4 above, Waverly Advisors utilizes a combination of macroeconomic, quantitative and fundamental analysis as part of our investment selection criteria. While these types of analysis are intended to help us evaluate and select potential investments, no amount of analysis can guarantee that the investment will increase in value. We continuously monitor economic indicators and other information and factors to determine if adjustments to our investment selections are appropriate. More detail on our review process is included in Item 13.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Although Waverly Advisors assists clients in determining if their investment strategy is appropriate based on their tolerance for risk and other factors noted above, there can be no assurance that a client will meet its investment goals.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear. Clients are reminded to discuss these risks with us. For more information on our investment management services, please contact us at (607) 684-5300.**

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving Waverly Advisors or any of its personnel.**

Waverly Advisors and its advisory personnel value the trust you place in us. As we advise all clients, we encourage you to perform the requisite due diligence on any advisor or service provider with which you partner. Waverly Advisor's disciplinary record can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **160604** in the field labeled "Firm IARD/CRD Number."

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

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The sole business of Waverly Advisors is to provide investment advisory services to our clients. Neither Waverly Advisors nor its advisory personnel are involved in other business endeavors. Waverly Advisors does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its client's accounts.

In addition to being registered as an investment adviser, Waverly Advisors is a Commodity Trading Advisor and member of the National Futures Association.

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

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## **A. Code of Ethics**

Waverly Advisors has implemented a Code of Ethics that defines our fiduciary commitment to each client. This Code of Ethics applies to all persons associated with us. The Code of Ethics contains general ethical guidelines and specific instructions regarding our duties to you, our client. It is the obligation of Waverly Advisors' personnel to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Waverly Advisors has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (607) 684-5300.

## **B. Personal Trading with Material Interest**

Waverly Advisors allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of clients. Waverly Advisors does not act as principal in any transactions. Waverly Advisors does not have a material interest in any securities traded in client accounts.

## **C. Personal Trading in Same Securities as Clients**

Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. Our Code of Ethics addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. Waverly Advisors' personnel and other clients may have position in the same securities that are purchased or sold for you.

## **D. Personal Trading at Same Time as client**

Waverly Advisors allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. However, these trades do not occur at the same time. Waverly Advisors will place trades only after client orders have been placed and filled. At no time will Waverly Advisors or any associated person of Waverly Advisors transact in any security to the detriment of any client.

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## **Item 12 – Brokerage Practices**

### **A. Recommendation of custodian[s]**

Waverly Advisors may recommend a custodian[s] to Clients for execution and/or custodial services. However, we generally do not select our clients' custodian(s). The client generally selects its

custodian and authorizes Waverly Advisors to direct trades to this custodian as agreed in the investment advisory agreement. Our Clients are not obligated to use any custodian we recommend. Waverly Advisors is not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

### ***Soft Dollars***

We have a fiduciary duty to our clients to obtain best execution, on an overall basis, for any securities transactions. When determining whether we have obtained best execution, we are guided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Safe Harbor”). A safe harbor is a provision of a statute or a regulation that presumptively reduces or eliminates a party's liability on the grounds that the party performed its actions in good faith.

This Safe Harbor is provided by law to investment advisers like us which have “investment discretion” over client accounts, and provides us protection against certain state and federal breach of fiduciary obligation claims (including ERISA claims) because we, the advisor, caused a client to pay more than the lowest available commission when executing a securities trade in exchange for receiving valuable investment research services and products. To rely on the Safe Harbor provision, we must determine in good faith that the amount of the commissions paid is reasonable in relation to the value of the research services we have received. When making this evaluation, we take into account not only the costs for a specific transaction but also our overall responsibility to you. If we cause a client to pay more than the lowest available commission to a broker/dealer in return for research products and services, these payments are commonly referred to as “soft dollar” payments. The soft dollar payments generated are tracked by the broker/dealer to be used on our behalf. Not all trades generate soft dollar benefits, and we try to limit “soft dollar” trades whenever preferable.

The availability of soft dollars, if we use them at all, might have some or all of the following consequences: (1) they might result in the Partnership paying higher transaction costs (including mark-ups and mark-downs on principle transactions with market makers) than the transaction costs charged by other brokers or dealers who do not provide additional services or products, (2) in our capacity as the general partner of the Partnership, we may have an incentive to direct the Partnership's brokerage to brokers or dealers that do not provide the best possible price, and (3) we may have an incentive to effect more transactions on behalf of the Partnership than might otherwise be optimal. The extent of any of the foregoing conflicts of interest between us and our clients depends in large part on the nature and uses of the services and products acquired with soft dollars. These conflicts of interest are particularly influential to the extent that we use soft dollars to pay expenses that we consider essential to our investment advisory activities and that we would otherwise be required to pay ourselves. We believe soft dollar services benefit the Partnership, but they do not benefit the Partnership exclusively—they also are available to us in connection with our own transactions and transactions for the benefit of any future clients, including transactions in which our present clients may not participate.

Notwithstanding the foregoing, we seek to obtain the overall best execution for our clients, taking into account a number of factors, including for example: price, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, special execution capabilities, willingness to execute related or unrelated

difficult transactions in the future, order of call, on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades, the competitiveness of commission rates in comparison to other brokers satisfying our other selection criteria and other matters involved in the receipt of brokerage services generally.

The research and brokerage services we may use soft dollars to acquire are believed to be within the Safe Harbor's provisions. Research services provided by brokers may include economic and market information, portfolio strategy advice, industry and company comments, reports and recommendations, access to research analysts, invitations to attend conferences or meetings with management or industry consultants and certain expenses incurred in attending research conferences.

In addition to research services, we may be offered other non-monetary benefits. These services may include payment of all or a portion of our administrative, operating and overhead costs and expenses. For example, we may allow broker-dealers to pay for all or some of our quotation and communication services (e.g., First Call, Reuters, Bloomberg, etc.), on-line pricing services, account record-keeping, clerical and administrative services and assistance, accounting fees and expenses, including the cost of accounting software and consulting charges, and other reasonable overhead expenses as we determine in good faith.

Certain services and products for which we may be reimbursed by broker-dealers (or for which broker-dealers are paying) may be used for both research and non-research purposes. In these cases, we may allocate the cost of the product or service between their research and non-research uses and pay only the research portion with soft dollars. The non-research portion might then be paid for with "hard dollars" (i.e., our own working capital). Our interest in determining the allocations may differ from your interests in that we have an incentive to designate as much as possible of the cost as research in order to permit payment with soft dollars.

We do not now have, but may implement, a program of broker compensation that consists of directing a certain amount of brokerage business to a broker-dealer in return for the broker's referral of prospective subscribers for interests in the Partnership (or other clients). The direction of brokerage to a broker in exchange for investor referrals would create a conflict of interest in that we might have an incentive to refer brokerage business to brokers to which it might not otherwise direct such business.

**2. Brokerage Referrals** - Waverly Advisors does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** - All individual managed account clients are serviced on a "directed brokerage basis", where Waverly Advisors will place trades within the established account[s] at the custodian designated by the client. Waverly Advisors does not engage in principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other client accounts (i.e., purchase of a security into one client account from another client's account[s]).

## **B. Aggregating and Allocating Trades**

Waverly Advisors may aggregate orders for multiple clients in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If

a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day are allocated in a manner that is consistent with the initial pre-allocation or other written statement. This endeavor to do this in a way that does not consistently advantage or disadvantage particular client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by Mr. Barber, Managing Director. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the client.

### **B. Causes for Reviews**

Each client account is generally reviewed at least annually. Reviews may be conducted more or less frequently at the client's request. Client accounts may be reviewed as a result of major changes in economic conditions, known changes in the client's financial situation, and/or large deposits or withdrawals in the client's account. The client is encouraged to notify us if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

We arrange for clients to receive brokerage statements from its custodian no less than quarterly. The brokerage statements are sent directly from the custodian to the client. Client brokerage statements will include all positions, transactions and fees relating to the client's account[s]. Waverly Advisors may also provide clients with periodic reports from time to time containing their holdings, allocations, and performance.

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

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### **A. Compensation Received by Waverly Advisors**

Waverly Advisors is a fee-only advisory firm, which, in all circumstances, is compensated solely by the client. Waverly Advisors does not receive commissions or other compensation from product sponsors, broker dealers or any unrelated third parties.

### **B. Client Referrals from Solicitors**

Waverly Advisors does not engage paid solicitors for client referrals.

## **Item 15 – Custody**

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Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The Securities and Exchange Commission (and most states) have rules and regulations which are designed to safeguard client assets. We follow the rules of the SEC, which require us to follow the following procedures:

*Maintain Accounts with Qualified Custodians:* We have all client funds and securities, except shares of mutual funds, maintained by a “qualified custodian” (i.e., a bank, registered broker-dealer) in separate accounts for each client. Although we may recommend a custodian, the client generally chooses its own.

*Periodic Account Statements:* We require each custodian to furnish account statements to our clients no less frequently than monthly. We also require that this statement, at a minimum, identifies the amount of funds and of each security in the account at the end of the quarter and all transactions in the account during the month.

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## **Item 16 – Investment Discretion**

Waverly Advisors generally will have discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client, subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by us. Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an investment advisory agreement containing all applicable limitations to such authority and a limited power of attorney. All discretionary trades made by Waverly Advisors will be in accordance with each client's investment objectives and goals.

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## **Item 17 – Voting client Securities**

Waverly Advisors does not accept proxy-voting responsibility for individual managed account clients. Clients generally receive proxy statements directly from the custodian. The Advisor will assist in answering questions relating to proxies, however, the client retains the sole responsibility for proxy decisions and voting.

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## **Item 18 – Financial Information**

### **A. Balance Sheet**

Waverly Advisors is not required to deliver a balance sheet along with this brochure as the firm does not collect advance fees of \$500 or more for services to be performed six months or more in advance.

### **B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients**

In this Item, we are required to disclose any situation that would impair our ability to meet our financial obligations to our clients. Neither Waverly Advisors nor any of its personnel has any adverse



financial situations that would reasonably impair the ability of Waverly Advisors to meet all obligations to its clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither Waverly Advisors nor Mr. Barber has been subject to a bankruptcy or financial compromise in the past ten years.

**Form ADV Part 2B – Brochure Supplement**

**for**

**Andrew Dale Barber  
Managing Director**

**March 26, 2013**

This Brochure Supplement provides information about the background and qualifications of Andrew D. Barber in addition to the information contained in the Waverly Advisors LLC Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Disclosure Brochure or this Brochure Supplement, please contact us at (607) 684-5300.

Additional information about Mr. Barber is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Educational Background and Business Experience**

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Andrew Barber is the owner and Managing Director of Waverly Advisors. Mr. Barber, born in 1972, is a dedicated portfolio manager for client accounts of Waverly Advisors. Mr. Barber earned his B.A. in History from the College of Mount St. Vincent in 1994. Additional information regarding Mr. Barber's employment history is included below.

### **Employment History:**

Waverly Advisors LLC	10/2009 to Present
Type of Business: Research service provider; investment adviser	
Job Title and Duties: Managing Director; research analysis, asset management, general management and administration	
Research Edge, LLC	03/2008 to 10/2009
Type of Business: Research service provider	
Job Title and Duties: Research analyst	
Fort Buford Advisors, LLC	01/2007 to 02/2008
Type of Business: Research service provider; Investment adviser	
Job Title and Duties: Research analyst	
DoubleDown Media	12/2005 to 01/2007
Type of Business: Financial Publisher	
Job Title and Duties: Financial analysis, writing, editing	
Freelance Writer	03/2004 to 12/2005
Jefferies & Co.	08/2003 to 03/2004
Type of Business: Broker-dealer	
Job Title and Duties: Research analyst, research analysis	
Corinthian Partners	07/2001 to 02/2002
Type of Business: Research service provider; investment adviser	
Job Title and Duties: Research analyst	

## **Item 3 – Disciplinary Information**

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Barber.*** Mr. Barber has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Barber.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical

practices. *As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Barber.* However, we do encourage you to independently view the background of Mr. Barber on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 4 – Other Business Activities**

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Mr. Barber is solely dedicated to the investment advisory activities of Waverly Advisors. Mr. Barber does not have any other business activities.

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**Item 5 – Additional Compensation**

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Mr. Barber does not receive any additional forms of compensation.

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**Item 6 – Supervision**

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Mr. Barber serves as the Managing Director and Chief Compliance Officer of Waverly Advisors and is self-supervised. However, we are subject to regulatory oversight by various agencies. These agencies require registration of Waverly Advisors and certain of our employees. As a registered entity, we are subject to examinations by regulators, which may be announced or unannounced. Waverly Advisors is required to periodically update the information provided to these agencies and to provide various reports regarding our business activities and assets.

## Privacy Policy

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Effective: March 26, 2013

### Our Commitment to You

Waverly Advisors Capital, LLC (“Waverly Advisors”) is committed to safeguarding the use of your personal information that we have as your Investment Advisor. Waverly Advisors (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and makes efforts to ensure that such information is used for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does Waverly Advisors provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this privacy policy.

### The Information We Collect About You

You typically provide personal information when you complete the paperwork required to become our client. This information may include your:

• Name and address	• Assets
• E-mail address	• Income
• Phone number	• Account balance
• Social security or taxpayer identification number	• Investment activity
	• Accounts at other institutions

In addition, we may collect non-public information about you from the following sources:

- Information we receive on brokerage agreements, managed account agreements and other subscription and account opening documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires;
- Information about your transactions with us or others

### Information About You That Waverly Advisors Shares

Waverly Advisors works to provide products and services that benefit our clients. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint

business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy Waverly Advisors' regulatory obligations, and is otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

**To repeat, we do not sell your non-public personal information to anyone.**

### **Information About Former Clients**

Waverly Advisors does not disclose non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

### **Confidentiality and Security**

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. We maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

### **We'll Keep You Informed**

We will send you notice of our privacy policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our privacy policy, and will provide you with a revised policy if the changes materially alter the previous privacy policy. We will not, however, revise our privacy policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current privacy policy by contacting us at (607) 684-5300.