

# Disclosure Brochure

April 17, 2013



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This brochure provides information about the qualifications and business practices of Bramshill Investments, LLC (hereinafter "Bramshill" or the "Firm"). If you have any questions about the contents of this brochure, please contact The Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Bramshill is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Bramshill is required to discuss any material changes which have been made to the brochure since the last annual amendment.

### **Affiliated Pooled Investment Vehicle**

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Bramshill serves as the investment manager and managing member of the Bramshill Income Performance Fund, a pooled investment vehicle under common control with the Firm. As such, several sections within this brochure – namely, Items 4 and 10 – have been updated to address this new relationship, as well as the inherent risks and conflicts that exist under the circumstances.

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## Item 4. Advisory Business

Bramshill has been in business as an independent registered investment adviser since April 2012 and is principally owned by Arthur DeGaetano and William Nieporte. As of April 17, 2013, the Firm had approximately \$224 million in discretionary assets under management. Prior to the rendering of the foregoing advisory services, clients are required to enter into a written agreement with Bramshill setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

While this brochure generally describes the business of Bramshill, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Bramshill’s behalf and is subject to the Firm’s supervision or control.

### Investment Management Services

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Bramshill manages client investment portfolios on a discretionary basis by primarily allocating assets among various municipal bonds, investment grade and high yield bonds, U.S. Treasury Bills, preferred and dividend-paying stocks, closed-end funds, and exchange-traded funds (“ETFs”), in accordance with a client’s investment objectives.

Bramshill consults with clients on an initial and ongoing basis to discuss various matters relevant to the management of their portfolios, such as cash flow needs, liquidity constraints and time horizon. Clients are advised to promptly notify the firm if there are changes in their financial situation or investment needs. In certain circumstances, Bramshill may permit clients to impose reasonable restrictions or mandates on the investments selected for their accounts if, in the Firm’s sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to its management efforts.

These investment advisory services do not include securities brokerage services, as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

### Management of Collective Investment Vehicle

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Bramshill serves as the investment manager and managing member of the Bramshill Income Performance Fund, a pooled investment vehicle (the “*Fund*”). The *Fund* is currently exempt from registration under the Investment Company Act of 1940 and the interests in the *Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933. The *Fund*’s investment objective is to seek current income, generate principal appreciation and manage liquidity. The *Fund* invests in a blended portfolio of primarily municipal bonds, investment grade and high yield bonds, U.S. treasuries, preferreds, income ETFs and dividend paying equities and focuses on securities with transparent pricing, actively traded capital structures and liquidity.

Participation as an investor in the *Fund* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Advisers Act, as well as are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended. If eligible, Bramshill may recommend that certain clients invest in the *Fund*. All relevant information, terms and conditions relative to the *Fund*, including the compensation received by Bramshill or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the relevant confidential private offering memorandum, operating agreement and/or subscription agreement (collectively the “*Offering Documents*”), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Fund*.

## Item 5. Fees and Compensation

### Investment Management Fee

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#### *Asset Based Fee*

Bramshill offers its services on a fee basis, meaning that clients are charged an annual management fee based upon a percentage of the assets being managed by the Firm. The management fee is generally equal to 100 basis points (1.00%) on the assets under management, although certain legacy clients may be charged a different rate, as determined by the pre-existing advisory relationship. This fee is prorated and charged monthly in advance, based upon the market value of the assets on the last day of the previous month.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. To the extent that a client authorizes the use of margin, and margin is thereafter employed by Bramshill in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to Bramshill will be increased. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

#### *Performance Based Fee*

For certain qualified clients, Bramshill may negotiate to provide services for a separate and/or additional fee based upon the performance of their accounts (e.g., a “performance fee”). This fee ranges up to twenty percent (20%) of the net gains achieved in a client’s portfolio during a calendar year period, subject to an individually negotiated high water mark or hurdle rate of return, as memorialized in the *Agreement*. The performance fee is prorated and generally charged in arrears on a semi-annual basis.

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**Fee Discretion**

Bramshill, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as a client's business needs, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

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**Additional Fees and Expenses**

In addition to the fee paid to Bramshill, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

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**Fee Invoice**

Clients receive a monthly invoice from Bramshill for payment of the Firm's management. In order to avoid being deemed to have custody of separately managed client accounts, Bramshill does not accept the authority to directly deduct a client's account.

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**Account Additions and Withdrawals**

Clients may make contributions to, and withdrawals from, their accounts, subject to the terms of *Agreement*. Bramshill generally requires that clients provide the Firm with at least one business day's prior written notice for contributions and five business day's prior written notice for withdrawals. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. In most cases, Bramshill designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. All redemptions are subject to customary settlement procedures and certain positions may take additional time to dispose of due to limited liquidity and/or marketability. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications. Bramshill may consult with its clients about the options and implications of transferring securities.

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

As discussed in Item 5, Bramshill may negotiate to provide investment management services to qualified clients for a performance based fee. Although Bramshill believes this fee arrangement appropriately

aligns the interests of the firm and its clients, it may potentially raise certain conflicts of interest. The performance fee may be an incentive for the firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where Bramshill charges performance based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee. Bramshill has procedures in place whereby it seeks to ensure that all recommendations are made in the best interest of clients regardless of fee structure.

## Item 7. Types of Clients

Bramshill provides its services to high net worth individuals and institutional clients.

### Minimum Portfolio Value

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As a condition for starting and maintaining an investment management relationship, Bramshill generally imposes a minimum portfolio size of \$25 million.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. Bramshill only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Bramshill may aggregate the portfolios of family members to meet the minimum portfolio size.

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

### Methods of Analysis and Investment Strategies

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Bramshill's primary investment objectives are to seek current income, generate principal appreciation and manage liquidity. The Firm seeks to employ a "go anywhere" strategy, as Bramshill is not constrained by a specific benchmark and has the ability to invest across various products. The Firm invests in a blended portfolio of primarily municipal bonds, investment grade and high-yield bonds, U.S. treasuries, preferreds, income ETFs and dividend-paying equities and focuses on securities with transparent pricing, actively traded capital structures and liquidity. This strategy is unlevered and long only.

The Firm makes investment decisions by assessing relative value of asset classes, analyzing interest rate sensitivity, and conducting fundamental credit analysis, as follows:

#### *Assess Relative Value of Assets Classes*

- Analyze price and risk of a security versus similar securities within a sector

- Rotate the portfolio among various asset classes based on undervalued and overvalued metrics
- Capitalize on opportunities in the market where the Firm believes securities are mispriced

### *Analyze the Portfolio's Interest Rate Sensitivity*

- Interpret Federal Reserve policy
- Position the portfolio along the various points of the yield curve
- Analyze how interest rate moves will impact each position within the portfolio

### *Credit Selection*

- Look for investments that have strong cash flows tied to revenue streams or secured by assets
- Investments priced with a favorable risk/reward on recovery
- Take positions in large liquid credits, avoiding credit derivatives and private placements securities

## **Risks of Loss**

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential loss.

### *Market Risks*

The profitability of a significant portion of Bramshill's recommendations may depend to a great extent upon correctly assessing the future course of price movements of various asset classes. There can be no assurance that Bramshill will be able to predict those price movements accurately.

### *Mutual Funds and Exchange-Traded Funds*

An investment in an investment company or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of open-end mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of an open-end fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of such a mutual fund's shares may differ significantly from the NAV



during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of closed-end funds are generally distributed as part of a fixed, initial offering and trade at negotiated prices, which may differ from NAV, in the secondary market. Typically, shares of closed-end funds are not redeemable, although certain funds will offer to repurchase shares at specified intervals. Closed-end funds are permitted to invest in a greater amount of illiquid securities than open-end mutual funds, which may adversely impact a fund's ability to dispose of portfolio assets.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are subject to default by the option writer which may be unwilling or unable to meet contractual obligations.

## *Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a *Financial Institution*, which is secured by a client's holdings. Under certain circumstances, a lending *Financial Institution* may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the *Financial Institution* may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

## Item 9. Disciplinary Information

Bramshill has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

## Item 10. Other Financial Industry Activities and Affiliations

As described in Item 4, Bramshill serves as the investment manager and managing member of the *Fund*, an affiliated pooled investment vehicle. This relationship presents a potential conflict of interest due to the underlying financial incentive to recommend an investment in the *Fund*. Investors are encouraged to read through the *Offering Documents* which detail the risks and conflicts associated with an investment in the *Fund*.

## Item 11. Code of Ethics

Bramshill and persons associated with the Firm are permitted to buy or sell securities that it also recommends to clients consistent with Bramshill's policies and procedures.

Bramshill has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Bramshill or any of its associated persons. The *Code of Ethics* also requires that certain of Bramshill's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings.

Unless specifically permitted in Bramshill's *Code of Ethics*, none of Bramshill's *Access Persons* may effect for themselves or for their immediate family (e.g., a spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Bramshill's clients.

When Bramshill is purchasing, or considering for purchase, any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Bramshill is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;

- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;
- Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Bramshill to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

### Selection of Financial Institutions

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While clients retain the ability to choose the *Financial Institution* where their assets are custodied, Bramshill is generally provided with the authority to select the particular broker-dealer through which securities are executed. Bramshill may only implement its investment decisions after the client has arranged for, and furnished Bramshill with, all information and authorization regarding accounts held at their respective *Financial Institutions*. Factors which the Firm considers in selecting a clearing or prime broker include their respective financial strength, reputation, execution, pricing, product inventory, research and service.

The commissions paid by Bramshill's clients comply with Bramshill's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Bramshill determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including, without limitation, product inventory, the value of research provided, execution capability, commission rates, and responsiveness. Bramshill seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Bramshill periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

### Benefits Provided by Broker-Dealers

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Bramshill does not receive research or other products or services, other than execution, from a broker-dealer or third party in connection with client securities transactions (i.e., no "soft dollar benefits"). Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers that provide the Firm with investment research products and/or services which assist Bramshill in its investment decision-making process. Such research generally will be used to service all of Bramshill's

clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Bramshill does not have to produce or pay for the products or services.

### **Directed Brokerage**

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Pursuant to the terms of the *Agreement*, Bramshill generally does not allow clients to direct brokerage transactions through a specified broker-dealer.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless Bramshill decides to purchase or sell the same securities for several clients at approximately the same time. Bramshill may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Bramshill's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among Bramshill's clients *pro rata* to the purchase and sale orders placed for each client on any given day.

To the extent that Bramshill determines to aggregate client orders for the purchase or sale of securities, including securities in which Bramshill's *Supervised Persons* may invest, Bramshill generally does so in accordance with applicable rules and regulations. Bramshill does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Bramshill determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant and equitable factors, such as overall portfolio weightings, comparable investment alternatives, and the size of a potential allocation versus account size.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Bramshill monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted and discussed with clients not less than quarterly (typically monthly). All such reviews are conducted by one of the Firm's Principals. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Bramshill and to keep Bramshill informed of any changes thereto.

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**Account Statements and Confirmations**

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements, not less than quarterly, from the *Financial Institutions* where their assets are custodied.

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

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**Client Referrals**

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Bramshill does not currently provide compensation to third-party solicitors for client referrals.

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**Other Economic Benefit**

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Bramshill may receive certain benefits from the broker-dealers through which execute trades on behalf of clients, as discussed in Item 12.

## **Item 15. Custody**

Bramshill does not have custody of client funds, which are held at a qualifying *Financial Institution*. Clients are advised to carefully review the statements and confirmations sent directly by the *Financial Institutions* and to compare them with any reports received from Bramshill or an outside service provider.

## **Item 16. Investment Discretion**

Clients grant Bramshill the authority to exercise discretion on their behalf. Bramshill is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Bramshill is given this authority through a power-of-attorney included in the *Agreement* between the Firm and the client. Specifically, Bramshill takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* through which client trades are executed.

Bramshill's discretionary authority is limited to the management of client investment assets and does not give the Firm the ability to wire funds or otherwise transfer money out of an account.

## Item 17. Voting Client Securities

Bramshill generally votes client securities (i.e., proxies) on their behalf. When Bramshill accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in Bramshill's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Bramshill's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Bramshill to request information about how Bramshill voted proxies for that client's securities or to get a copy of Bramshill's Proxy Voting Policies and Procedures.

A brief summary of Bramshill's Proxy Voting Policies and Procedures is as follows:

- Bramshill has formed a Proxy Voting Committee which is responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee generally votes proxies according to Bramshill's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Bramshill devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Bramshill's vote on a particular solicitation but can revoke Bramshill's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Bramshill maintains with persons having an interest in the outcome of certain votes, Bramshill takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict..

## Item 18. Financial Information

Bramshill is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;

- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

# BRAMSHILL

INVESTMENTS

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