



**Form ADV Part 2A Firm Disclosure Brochure
(ITEM 1 – COVER PAGE)**

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Effective November 27, 2013

This Disclosure Brochure provides information about the qualifications and business practices of Perennial Advisors, LLC (“Perennial”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (212) 218-4222 or e-mail info@perennial.com.

Perennial 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 adviser does not imply any specific level of skill or training. This Disclosure Brochure provides information to assist you in determining whether to hire or retain Perennial.

Additional information about Perennial and its advisory personnel are available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

Initial Filing

Perennial is a newly Registered Investment Adviser. Our initial filing was effective August 29, 2013.

Form ADV 2 is divided into two parts: Part 2A (the "Disclosure Brochure") and Part 2B (the "Brochure Supplement"). This Disclosure Brochure provides information about a variety of topics relating to a registered Perennial's business practices and conflicts of interest. The Brochure Supplement provides information about the advisory personnel of Perennial.

Future Changes

From time to time, Perennial may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required. We will ensure that Clients receive a summary of any material changes to this and subsequent Brochures within 120 days from the end of the calendar year. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions they may have with us.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Perennial's CRD number is 168859. You may also request a copy of this Brochure by contacting Perennial's Chief Compliance Officer, Scott Strasser, at sstrasser@perennial.com.

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ITEM 4 – ADVISORY BUSINESS

A. Firm Description

Perennial Advisors, LLC (“Perennial,” “we,” “our” or “us”) is an independent wealth advisory and investment management firm that offers its services to a broad range of Clients including high net worth individuals and families, family offices, small businesses and other organizations (each referred to herein as a “Client”).

Perennial was founded in July 2013 and maintains offices in New York City. We are a Delaware Limited Liability Company and a Registered Investment Adviser with the United States Securities and Exchange Commission. Perennial’s Chief Compliance Officer is Scott Strasser.

Christopher Heintz and Scott Strasser are the majority owners and Managing Partners of Perennial. Scott Strasser, Christopher Heintz and Shyamli Milam are the three Partners of Perennial (each, a “Partner” and collectively, the “Partners”).

B. Advisory Services Offered

Perennial provides wealth advisory and investment management services for Clients. Our wealth advisory offering includes investment advisory and financial advisory services; our investment management offering includes portfolio management and alternative investment services. Clients may elect to receive wealth advisory services, investment management services or a combination of both.

Wealth Advisory – Investment Advisory Services

Perennial’s wealth advisory philosophy is predicated on understanding our Clients’ financial situation and providing customized advice to address their circumstances and goals. For Clients seeking investment advisory services, Perennial works with them to achieve their investment objectives through an appropriate asset allocation that reflects their risk parameters. Perennial takes a customized approach to advising Clients, using an iterative, analytical process to design practical investment plans and strategies to support Clients’ goals and investment objectives.

Wealth Advisory – Financial Advisory Services

For some Clients, Perennial will provide a variety of financial advisory services. These services include basic financial planning (education, retirement and estate), investment-related tax minimization strategies (income deferral, charitable planning and gain/loss harvesting) and coordination with Clients’ tax, accounting and legal advisors as needed. Typically, these services encompass one or more areas of need. Depending on a particular Client’s financial situation, Perennial will usually include general recommendations for a course of action to be considered and/or taken by the Client.

Financial planning recommendations may pose a potential conflict between our interests and the interests of the Client. Clients are not obligated to implement any recommendations made by Perennial or maintain an ongoing relationship with us. If the Client elects to act on any of the recommendations made by Perennial, the Client is under no obligation to effect the recommendations through us.

Investment Management – Portfolio Management Services

Portfolio management services are primarily provided on a discretionary basis, but may also be provided on a non-discretionary basis. For Clients who grant Perennial discretionary investment authority, Perennial will determine which securities are bought and sold in a Client’s account using general guidelines set up at the inception of our relationship with the Client. These general guidelines include, but are not limited to, the relative proportions of cash, fixed income and equity securities; the degree of risk that the Client wishes to assume; and the types and amounts of securities that constitute an investment portfolio. Individual, separately-managed Client accounts may have different asset allocations, different securities and/or different amounts of specific securities to reflect Clients’ specific objectives and risk parameters. Clients may impose restrictions on Perennial’s investment discretion with respect to certain securities, asset classes or industry sectors; however, this may affect their investment results.

For Clients who request that Perennial provide portfolio management services on a non-discretionary basis, Perennial will obtain the Client's consent before executing any trade on the Client's behalf.

For many Clients, Perennial constructs portfolios with an emphasis on direct ownership of individual equity securities and exchange-traded funds ("ETFs"). For some Clients, Perennial may determine that an investment portfolio consisting primarily of fixed-income related funds or exclusively of ETFs and mutual funds is most appropriate. Perennial may also recommend investments with third-party managers or in alternative investment strategies and other types of investments, as appropriate, to meet the needs of particular Clients.

When providing portfolio management services, Perennial will make recommendations including, but not limited to, the following:

- Adjusting investment allocations to rebalance and/or further diversify a Client's portfolio
- Increasing or reducing sector or asset class weightings
- Employing cash positions as a possible hedge against market movement
- Selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, reducing business or sector risk exposure, rebalancing overweighted positions in a portfolio, generating cash to meet Client needs or conforming to any Client restrictions or risk parameters

Investment Management - Alternative Investment Services

Perennial offers investment advice to Clients with respect to partnerships and other private entities engaging in investment strategies including, but not limited to, private equity, venture capital, real estate and specialized segments of publicly traded securities markets.

Depending on the needs and desires of a particular Client, we may recommend that a portion of a Client's portfolio be invested with one or more unaffiliated investment managers. Perennial will assist and advise the Client in selecting the unaffiliated investment manager(s), establishing investment objectives, defining any restrictions and providing oversight and monitoring for these relationships. Any fee received by Perennial for recommending the use of another investment manager would be paid by the Client. Perennial does not receive compensation from unaffiliated investment managers.

C. Client Account Management

Prior to engaging us to provide wealth advisory and investment management services, each Client is required to enter into an Investment Advisory Agreement with us that defines the terms, conditions, authority and responsibilities of Perennial and the Client. Depending on the services a Client elects to receive, these responsibilities typically include:

- *Establishing an Investment Policy Statement* – we will work with Clients to develop a statement that summarizes a Client's investment objectives and risk parameters as well as a basic investment plan and strategy to meet the Client's needs. An Investment Policy Statement generally includes specific information on the Client's stated goals, investment objectives and risk tolerance and investment time horizon. Clients may impose restrictions on us with respect to investing in certain securities or types of securities.
- *Asset Allocation* – we will develop a strategic asset allocation that is targeted to address the financial circumstances, investment objectives and risk parameters for each Client.
- *Portfolio Construction* – we will develop and implement 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 ongoing investment oversight, management and risk monitoring of the Client's portfolio and overall account.

D. Wrap Fee Programs

Perennial does not manage or place Client assets into a wrap fee program.

E. Assets Under Management

Perennial is a newly established investment advisor. Assets under management shall be reported following our December 31, 2013 fiscal year end. Clients may request more current information at any time by contacting us.

ITEM 5 – FEES AND COMPENSATION

A. Fees for Advisory Services

Perennial provides wealth advisory and investment management services to Clients. Clients may elect to receive either wealth advisory services or investment management services or both. Regardless of whether the Client elects to receive either or both services, the Client is typically charged one fee (the “Advisory Fee”), which is based on a percentage of assets under advisement and/or management. In some circumstances, however, where a Client requires significant or complex wealth advisory services, Perennial may charge an additional fixed fee (“Supplemental Services Fee”) depending on the scope and complexity of the work required.

Perennial’s standard annual Advisory Fee schedule is as follows:

- First \$5.0 million 1.10% of assets under advisement and/or management
- Next \$5.0 million 0.90% of assets under advisement and/or management
- Balance of Assets 0.70% of assets under advisement and/or management

We may negotiate Advisory Fees on a case-by-case basis, and accordingly, some Clients pay less than the amounts stated above. In negotiating fees, we typically consider several factors, including but not limited to, certain historical arrangements, the type or size of account, the nature of the assets held in the account, the range of services provided and the amount of assets managed for a single Client.

B. Fee Billing

With the exception of Supplemental Services Fees, Clients are generally billed quarterly in advance unless otherwise stipulated in writing. For Clients who elect to have us perform portfolio management services in separately managed accounts, Clients usually authorize us to collect quarterly Advisory Fees by instructing their custodian to debit the Client’s account in the appropriate amount computed as described above. In this case, we send Advisory Fee notices to the custodian for each Client’s account and request that the custodian notify the Client, at least quarterly, of the amount of the Advisory Fee debited from the Client’s account. This authorization is provided in the Investment Advisory Agreement between Perennial and its Clients. Clients also may choose to pay fees directly, in which case we send the Client an invoice similar to the notices described above.

Supplemental Services Fees for wealth advisory services are invoiced to the Client by Perennial and due upon completion of the agreed upon scope of work and/or receipt of the agreed upon deliverables to the Client.

C. Other Fees and Expenses

Clients will incur trading fees, brokerage commissions and other related costs and expenses of securities transactions executed for their account(s) in addition to fees paid directly to Perennial for wealth advisory and/or investment management services. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. Please refer to Item 12 – Brokerage Practices for additional information regarding brokerage and custody fees.

In addition, mutual funds and exchange-traded funds (ETFs) charge fees and expenses to their shareholders. These fees and expenses are described in each fund’s prospectus and are separate and distinct from any fees paid to Perennial. Accordingly, we encourage Clients to review both the fees charged by mutual funds, ETFs and other funds, as well as the fees charged directly by Perennial, with us to fully understand the total fees and other costs they may incur.

D. Advance Payment of Fees and Termination

Advisory Fees are generally payable quarterly in advance unless otherwise stipulated in writing and calculated based on the market value of assets in Client accounts on the last business day of each calendar quarter. Advisory Fees for each quarter are charged within 15 days of the end of the preceding quarter. Advisory Fees may be prorated for substantial capital contributions or withdrawals made during the applicable quarter. Client accounts initiated or terminated during a calendar quarter will be charged a prorated Advisory Fee. Upon termination of an account, any earned, but unpaid, Advisory Fees will be due and payable to Perennial; and any unearned, prepaid Advisory Fees will be due and payable to the Client.

In the event that a Client should wish to cancel an agreement for wealth advisory services that fall outside the scope of Perennial's typical wealth advisory services and where the Client is being charged a fixed Supplemental Service Fee, the Client shall be billed based on a percentage of the scope of work that has been completed by us.

E. Compensation for Sales of Securities

Perennial does not receive any compensation for the purchase or sale of securities, nor do we receive sales charges or service fees from the purchase or sale of mutual funds. Perennial only receives fees for its services as set forth in Item 5 – Fees and Compensation (Section A – Fees for Advisory Services). Perennial, and in some circumstances the Clients who utilize our recommended custodian, receive certain benefits described under Item 12 – Brokerage Practices.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees for our wealth advisory or investment management services. The fees charged by us are as described in Item 5 – Fees and Compensation.

ITEM 7 – TYPES OF CLIENTS

Perennial's Clients may include high net worth individuals and families, family offices, trusts and estates, small businesses and other organizations.

Perennial generally requires a minimum account size of \$1.0 million, but Perennial reserves the right to increase or reduce this requirement at our sole discretion.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

Wealth Advisory

Perennial's wealth advisory philosophy is predicated on understanding our Clients' financial needs and providing advice to address their circumstances and goals. Perennial takes a customized approach to advising Clients and emphasizes a set of guidelines that we believe are important for achieving favorable long-term results:

- *Customized approach* – investment programs that are specific to a Client's objectives and risk tolerance
- *Pragmatic diversification* – straightforward plan development with clearly defined strategies
- *Consistency* – long-term investment orientation that consistently follows an agreed upon plan
- *Deliberate rebalancing* – rebalancing when allocation targets move materially outside of acceptable ranges (taking into consideration tax consequences)
- *Minimized fees and taxes* – we seek to utilize strategies that minimize fees and facilitate the potential for a more tax-efficient investment experience

Perennial uses an iterative, analytical process we call the Perennial Managed Asset Program (or P-MAP) to design practical investment plans and strategies to support Clients' goals and investment objectives. We believe the right

mix and proportion of asset classes are the foundation of any broad investment strategy, with asset allocation being a principal driver of risk and return over the long-term. Our advisory process has four fundamental steps:

- *Client financial assessment* – understanding Client circumstances, long-term goals, investment objectives and risk parameters.
- *Strategy and plan development* – developing a suitable plan and incorporating Client-specific considerations such as taxes, illiquid holdings and special restrictions.
- *Implementation* – asset allocation, investment selection and risk management.
- *Ongoing Client communication* – portfolio reviews and one-on-one communication regarding matters that have or could have a material impact on a Client's financial goals or circumstances.

Investment Management – Overview

Perennial provides ongoing advice and supervision over Client accounts with respect to both equity and fixed income securities. These activities are primarily based on fundamental research and analysis of general business, economic and market conditions. Perennial derives information from numerous sources including SEC filings, annual reports and prospectuses, third party research, financial media companies and company press releases. Perennial also maintains access to primary and secondary sources of information, and, on occasion, may attend investment conferences and company management presentations.

For many Clients, Perennial's investment management strategy emphasizes a fundamental, long-term value orientation. Our philosophy informs our overall approach to asset allocation and diversification. We employ a research-driven, analytical process and seek to identify investment opportunities with attractive risk-return characteristics. While we typically invest with a long-term horizon, we may buy, sell or reallocate positions that have been held for less than one year to meet a particular Client's objectives or due to market conditions.

Investment Management - Equity Strategies

Perennial often purchases individual stocks on behalf of Clients as direct equity investments enable us to: (1) have a clear view of the companies and underlying assets our Clients own, (2) reduce third party intermediation and (3) facilitate our goal of implementing a customized, cost-effective, tax-efficient investment approach. However, Perennial also invests in ETFs and mutual funds for many reasons including: (1) to meet Clients' preferences, (2) to seek broader exposure to an asset class or industry sector (ETFs and select mutual funds), (3) to enhance the overall diversification of a portfolio, and (4) to access an investment strategy that is not easily replicable or a fund manager with expertise in a specific type or style of securities selection (select mutual funds).

Equities as an asset class are a focus for Perennial as we believe that they provide the best opportunity to achieve favorable risk-adjusted returns over time. When we invest in stocks on behalf of our Clients, we typically aim to be long-term investors in the companies in which we acquire shares. We believe long holding periods and low turnover boosts overall returns by reducing transaction costs and deferring taxes on capital gains. We endeavor to invest with care and employ financial analysis and diligence to select securities. Perennial takes a team approach to investment selection that includes qualitative and quantitative analysis. We concentrate on companies that, in our judgment, have better relative value and risk characteristics than comparable investments. Our methods include what is known as a 'top down approach' (reviewing macro-economic trends and identifying industry sectors that are likely to have strong growth) and a fundamental 'bottoms up approach' (identifying individual companies whose shares are attractively priced relative to our estimate of intrinsic value, baseline levels of demonstrable earnings and cash flow and future growth potential).

With respect to the selection of mutual funds and unaffiliated investment managers, Perennial employs the same approach as we do in making direct equity investments. When evaluating third party fund managers, we focus on the quality and experience of the manager and investment platform. We also consider the strategy, core position-level holdings, fees and expenses, relevant correlations and tax-efficiency associated with the fund's strategy. With respect to ETFs, we consider factors such as the platform of the fund manager, position-level holdings, the expense ratio, the tracking error relative to the relevant benchmark and liquidity.

Investment Management – Fixed Income Strategies

Perennial utilizes a variety of fixed income securities to mitigate risk, to help protect Clients' cash reserves, to provide portfolio diversification, and for some Clients, to generate current income. When Perennial buys individual fixed income securities, our focus tends to be on high quality investment grade U.S. government, corporate and municipal bonds. More often, we invest Client assets in ETFs and mutual funds that invest in fixed-income securities. As described above, when Perennial uses fixed income-oriented ETFs and mutual funds, we apply the same general approach as with equity-oriented funds. Less frequently, we may build ladder portfolios or invest selectively in securities that are not investment grade if consistent with the Client's needs and risk parameters. Perennial does not rely solely on third party credit ratings to select fixed income securities for constructing portfolios. Fixed income securities also have significant risks and uncertainties, such as interest rate sensitivity and credit risk as well as inflation.

Perennial employs the same approach (described above in *Investment Management – Equity Strategies*) to the selection of fixed income mutual funds and unaffiliated investment managers as we do with equity-oriented funds and managers.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value due to market conditions, interest rates and numerous other factors. Asset classes may increase or decrease in value at different times or all move together. Clients should be prepared to bear the potential risk of loss. Perennial will assist Clients in determining an appropriate strategy based on their investment objectives, tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's financial goals and situation, time horizon, investment objectives, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. Perennial shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform us of any changes in financial condition, goals or other factors that may affect this analysis. We will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Fundamental analysis utilizes economic and business indicators, among other considerations, as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are an attractive investment with a value discounted by the market. While this type of analysis helps us in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in fundamental analysis may lose value and may have negative investment performance. We monitor economic indicators to determine if adjustments to strategic allocations are appropriate. More details on Perennial's review process are included in Item 13 – Review of Accounts.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that Clients should understand and be willing to bear. Clients are reminded to discuss these risks with us as well as their legal, tax and other professional advisers.

Perennial may use margin in Client accounts to manage the timing of purchases and sales, as appropriate. Perennial may employ options strategies to hedge or gain additional exposure to a particular asset class or sector. For some Clients, Perennial's investment strategy may include alternative investments. The following are some of the risks associated with Options, Margin, Short Sales and Alternative Investments:

Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Margin Borrowing

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

Short Sales

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Alternative Investments

The performance of alternative investments (such as limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Clients should only have a portion of their assets in these investments and should carefully review with their advisors the offering materials and/or form ADV prepared by the investment manager for such investments for important additional information regarding risks, fees and expenses.

ITEM 9 – DISCIPLINARY INFORMATION

There are no legal, regulatory or disciplinary events involving Perennial or any of its employees. Our backgrounds are on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter 168859 in the field labeled "Firm IARD/CRD Number." This will provide access to Form ADV Parts 1 and 2.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The sole business of Perennial is to provide wealth advisory and investment management services to Clients as described under Item 4 – Advisory Services. Perennial's Partners are not involved in any other material business endeavors. Perennial does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of Client accounts.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Perennial has adopted a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Perennial. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to our Clients. The Code of Ethics includes provisions relating to a range of topics that 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, gifts and entertainment received by or given to all personnel associated with Perennial, review and enforcement processes, amendments to Form ADV and supervisory procedures. Perennial has written its

Code of Ethics to meet and exceed regulatory standards. A copy of Perennial's Code of Ethics is available to Clients and prospective clients. Please contact our Chief Compliance Officer, Scott Strasser, at sstrasser@perennial.com to request a copy.

B. Personal Trading with Material Interest

Perennial manages significant assets on behalf of its Partners and their extended families. We treat accounts of extended family members as Client accounts. As used in this Item 11, "Client" means anyone whose assets are managed by Perennial, other than those of Partners.

The Partners of Perennial are permitted to engage in personal securities transactions, provided they comply with our Code of Ethics. Because the Partners engage in securities transactions for their own accounts, we will be effecting transactions in securities on behalf of Perennial's Clients in which the Partners have a material interest. We seek, when reasonably possible and appropriate, to aggregate transactions in the same security on the same day on behalf of multiple Clients, as well as those of Partners. All participants in an aggregated transaction receive the average price.

Our Code of Ethics provides rules and restrictions for personal securities transactions by the Partners of Perennial. These rules and restrictions are designed to prevent the Partners of Perennial, in their personal securities transactions, from taking advantage of Client transactions or disadvantaging Client transactions in any way, and to prevent such activity from interfering with our ability to make decisions that are in the best interest of Clients. The provisions of our Code of Ethics allow our Chief Compliance Officer to monitor these personal transactions to ensure compliance.

C. Personal Trading in Same Securities as Clients

As discussed above, Perennial's Partners may engage in securities transactions, and will be effecting transactions and investing in some of the same securities that may also be recommended by us to our Clients. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which 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.

The Partners of Perennial are permitted to engage in personal securities transactions only so long as they fully comply with our Code of Ethics. Please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Section B – Personal Trading with Material Interest) for further disclosure related to personal securities transactions of Perennial's Partners.

D. Personal Trading at Same Time as Client

As discussed above, Perennial's Partners may engage in personal securities transactions, and will be effecting transactions and sometimes investing in securities at the same time as our Clients. Trades made on behalf of Perennial's Partners or associated persons cannot be to the detriment of any other Client, and Perennial has adopted written policies and procedures to ensure Clients' interests are protected.

The Partners of Perennial are permitted to engage in personal securities transactions only so long as they fully comply with our Code of Ethics. Please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Section B – Personal Trading with Material Interest) for further disclosure related to personal securities transactions of Perennial's Partners.

ITEM 12 – BROKERAGE PRACTICES

A. Recommendation of Custodians

Broker/Custodian Selection

Generally, Perennial does not exercise brokerage discretion over Clients' accounts. We recommend and request, but do not require, that Clients direct us to execute transactions through the broker-dealer that our Clients select as their custodian. Not all investment advisers require their clients to direct brokerage. When Perennial is limited to a particular broker for executing transactions in Client accounts, it prevents us from effectively negotiating brokerage commissions on behalf of our Clients, and it may prevent us from obtaining favorable execution. When directing or limiting Perennial's use of brokerage, Clients should consider whether the capabilities and pricing of the brokerage firm are reasonable and attractive when compared to those that Perennial might otherwise obtain for Clients.

When evaluating whether to recommend to Clients that they affirmatively authorize their custodian to enable Perennial to have brokerage discretion, we consider the following factors, among others:

- The overall execution (including speed, quality and net pricing) with which transactions are effected and settled with other brokerage firms
- The additional costs associated with trading away from the Client's designated custodian
- The types of securities the Client owns and is likely to own in the future
- The complexity of trade settlement and the risk of settlement errors
- The availability of investment products with the Client's designated custodian compared to other reputable brokerage firms
- The personal preferences of the Client, including any existing brokerage relationship they maintain
- The administrative requirements and documentation required from the Client (if any)
- The additional operational requirements and accounting procedures that Perennial would require, which would likely increase our (but not our Clients') costs

Clients are not required to limit Perennial's brokerage discretion, and may contact their Custodian to enable us to exercise discretion in selecting other brokers to execute transactions for their account(s).

Perennial considers a range of factors in recommending a broker-dealer/custodian to Clients including financial strength, reputation and stability, pricing, research and quality of service. We also consider the availability of products and services that benefit us and our Clients, which are discussed in more detail below.

Client Custody and Brokerage Costs

Client assets are usually maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Unless our Clients request that a different custodian be used, we recommend that our Clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as their qualified custodian. Schwab will hold Client assets in a brokerage account and buy and sell securities when Perennial instructs them to on behalf of our Clients. While Perennial recommends that Clients use Schwab as their custodian, our Clients must decide whether to do so and open their account by entering into a custody account agreement directly with Schwab. We are not affiliated with Schwab, and we do not open the account(s) for Clients, though we may assist Clients in doing so.

Schwab does not charge Clients a separate custody fee for providing custody services. Instead, Schwab is compensated through the commissions it charges on trades that Schwab executes. In addition to commissions, Schwab charges Clients a flat dollar fee for each trade that is executed by a broker-dealer other than Schwab. These "trade away" fees are in addition to the commissions Clients pay the executing broker-dealer. Because of this, and in order to minimize Clients' trading costs, we have Schwab execute trades for Client accounts unless we

are otherwise directed by the Client. Schwab may also receive fees directly from mutual funds or other investment products that it sponsors that are available on its trading platform.

Schwab commission rates applicable to our Clients' accounts were negotiated based on our commitment to seek to maintain a certain level of Client assets in accounts at Schwab (including assets that are in accounts owned by the Partners of Perennial). As a result, we believe, and Schwab has informed us, that Clients overall commission rates are lower than they otherwise would be if we had not made this commitment.

In addition, we and in certain cases, our Clients, receive a number of additional benefits as a result of our relationship with Schwab. A summary of those benefits is provided below (see – Products and Services Available to Us from Schwab).

Products and Services Available to Us from Schwab

Schwab provides us and our Clients with access to Schwab's institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services, which are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Some of these services help us manage or administer our Clients' accounts, and others help us manage and grow our business. These services include:

- *Services that May Benefit Clients* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit our Clients.
- *Services that May Benefit Us, but May Not Directly Benefit Clients* – Schwab also makes available to us other products and services that benefit us but may not directly benefit Clients or their accounts. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service many of our Clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:
 - provides access to Client account data (i.e. duplicate trade confirmations and account statements);
 - facilitates trade execution and allocates aggregated trade orders for multiple Client accounts;
 - provides pricing and other market data;
 - facilitates payment of our fees from our Clients' accounts; and
 - assists with back-office functions, recordkeeping and Client reporting
- *Services and Support that Generally Benefit Only Us* – Schwab also offers other services and support intended to help us manage and further develop our firm. These services and support include:
 - educational conferences and events;
 - technology and business consulting;
 - publications and conferences on practice management and business succession; and
 - introductions to employee benefits providers, human capital consultants and insurance providers
 - business entertainment (so long as such activity is not inconsistent with our Code of Ethics)

Schwab provides some of these services itself. In other cases, it arranges for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Specifically, Schwab has agreed to pay for a portion of third party expenses we may incur, such as technology-related expenditures. That Schwab provides us with these services represents a conflict of interest since it gives us an incentive to recommend Schwab as a custodian for Clients as a portion of these benefits are provided to us in exchange for our commitment to maintain a specified amount of our Clients' assets in Schwab's custody. However, the availability to Perennial of Schwab's products, services and other benefits is not based on us generating a certain level of trading activity and/or commissions or giving particular investment advice, such as buying certain securities or funds for our Clients.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as: (1) price, (2) order size, (3) difficulty of execution, (4) confidentiality and (5) fairness. Perennial, when reasonable and appropriate, aggregates orders 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 must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This is always done in a way that does not consistently advantage or disadvantage particular Client accounts with the understanding that non-discretionary Clients will not be included in a block trade unless Perennial has received prior approval from the Client.

ITEM 13 – REVIEW OF ACCOUNTS

A. Frequency of Reviews

Client accounts are monitored on a regular and continuous basis by one of the Partners of Perennial. Formal account reviews are generally conducted annually or more frequently depending on the needs of the Client. Our Partners are also available to meet with Clients on request.

B. Causes for Reviews

Account reviews may be conducted more frequently than once per year at the Client's request. In addition, Perennial typically reviews Client accounts as a result of major changes in economic or market conditions, known changes in a Client's financial situation and/or large deposits or withdrawals in a Client's account.

C. Review Reports

Clients will receive brokerage statements no less than quarterly from their custodian. These brokerage statements are sent directly from the custodian to the Client and may be received electronically (the Client must request this directly from their custodian). Clients may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to Clients' account(s). Perennial may also provide Clients with periodic reports regarding their holdings, allocations, and performance. These reports can be received as hard copies or electronically, at the Client's option.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

A. Compensation Received by Perennial

Perennial is compensated solely by its Clients other than as noted below.

Perennial does receive benefits from Schwab in the form of products, services and other economic benefits it makes available to us. These benefits, as well as the related conflicts of interest, are described in Item 12 – Brokerage Practices. The availability to Perennial of Schwab's products, services and other benefits is not based on us generating a certain level of trading activity or giving particular investment advice, such as buying certain securities or funds for our Clients.

Perennial may refer Clients to various third party professionals to provide certain financial services necessary to meet the goals of its Clients. Perennial does not receive any fees for these referrals.

B. Client Referrals from Solicitors

Perennial may receive referrals of new Clients from third-parties, but we do not pay for Client referrals to us or engage paid solicitors for Client referrals.

ITEM 15 – CUSTODY

All Clients that wish to have Perennial provide portfolio management services must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Perennial to utilize that custodian for the Client's security transactions. We do not open the account for Clients, although we may assist them in doing so. Perennial is not a qualified custodian and we do not accept or maintain custody of Client accounts, but we are deemed to have custody when the Client authorizes us to instruct the Client's custodian to deduct our Advisory Fees directly from the Client's account. This authorization is provided in the Investment Advisory Agreement between us and our Clients. Perennial encourages Clients to carefully review statements provided by the account custodian and compare them to any account statements that we may provide to Clients from time to time. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

ITEM 16 – INVESTMENT DISCRETION

Perennial exercises investment discretion for a significant number of Client accounts. As such, we will normally have the authority to supervise and direct the investments of and for Client accounts without prior consultation with our Clients. When selecting securities and determining amounts, Perennial observes the investment policies, limitations and restrictions agreed upon with each Client. Certain Clients impose investment restrictions and limit Perennial's authority to trade or select brokers. These restrictions and limitations shall be set forth in each Client's respective Investment Advisory Agreement with Perennial and/or the Investment Policy Statement agreed upon between the Client and 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.

When Clients give Perennial investment discretion over their account(s), they entrust us to do what is in their best interests. U.S. securities laws recognize this relationship, and require investment advisors to be subject to a fiduciary duty, the law's highest standard of care. This means that we must put our Clients' interests ahead of ours at all times by providing advice and recommending investments that we believe are the best for them. We must also explain any conflicts of interest that exist in our business and have policies and procedures to limit these conflicts and protect Clients from any damage. Clients and prospective Clients will find these disclosures throughout this Disclosure Brochure.

In circumstances where Clients do not give us discretionary authority, Perennial will obtain the Client's approval before executing any trade on the Client's behalf.

ITEM 17 – VOTING SECURITIES

Perennial does not accept proxy-voting responsibility for Clients. Clients will receive proxy statements directly from the Custodian. We may assist in answering questions and providing information relating to proxies and other corporate actions requiring a shareholder vote. However, the Client retains the sole responsibility for proxy decisions and voting.

ITEM 18 – FINANCIAL INFORMATION

Perennial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients. Neither Perennial nor any of its advisory personnel has been the subject of a bankruptcy proceeding.



Form ADV Part 2B Brochure Supplement

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Effective November 27, 2013

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This Brochure Supplement provides information about the individuals providing investment advice to clients of Perennial Advisors, LLC ("Perennial") as a supplement to the Form ADV Part 2A Disclosure Brochure. You should have received a copy of that Disclosure Brochure. Please contact Scott Strasser at sstrasser@perennial.com if you did not receive the Perennial Advisors, LLC Disclosure Brochure or if you have any questions about the contents of this supplement.

Item 1 – Cover Page

Name / Title / Year of Birth: **Christopher J. Heintz / Managing Partner / 1971**
Address: Perennial Advisors, LLC
1350 Avenue of the Americas, Suite 2802
New York, NY 10019
E-mail: cheintz@perennial.com

This Brochure Supplement provides information about Christopher J. Heintz that supplements the Perennial Disclosure Brochure. You should have received a copy of that Brochure. Please contact Scott Strasser if you did not receive the Perennial Brochure or if you have any questions about the contents of this supplement.

Item 2 – Educational Background and Business Experience

Educational Background

Mr. Heintz received a Master of Business Administration degree from Harvard Business School (1998) and a Bachelor of Arts degree in International Relations from Brown University (1994), where he graduated Phi Beta Kappa and magna cum laude.

Business Background

Chris Heintz is a Managing Partner and co-founder of Perennial Advisors. Prior to co-founding Perennial Advisors in July 2013, he was the founder and Chief Investment Officer of Perennial Investors from 2003 to 2012. Perennial Investors was a long-biased equity hedge fund which Mr. Heintz built to over \$400 million of assets under management across three value-oriented strategies. Prior to that, Mr. Heintz was the founder of MassMedium, an online-based direct marketing company specializing in performance-based advertising and lead generation. MassMedium web properties were among the top 250 visited web sites in 2000 and 2001. Mr. Heintz began his career in 1994 at Morgan Stanley as a generalist in the Mergers, Acquisitions and Restructuring department where he executed transactions for several Fortune 500 clients. Mr. Heintz subsequently worked in the fixed income department of Goldman Sachs and as a Vice President with Atticus Capital, an event-driven hedge fund with over \$1 billion under management. He also was a member of the investment team at Chilton Investment Partners, a growth-oriented investment firm with \$4 billion under management.

Item 3 – Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Mr. Heintz.

Item 4 – Other Business Activities

No information to disclose.

Item 5 – Additional Compensation

No information to disclose.

Item 6 - Supervision

Mr. Heintz is a Managing Partner of Perennial Advisors. He operates under the supervision of Perennial's Chief Compliance Officer, Scott Strasser, and within the guidelines of Perennial's Code of Ethics. Mr. Strasser can be reached directly at sstrasser@perennial.com.

Item 1 – Cover Page

Name / Title / Year of Birth: **Scott F. Strasser / Managing Partner / 1975**
Address: Perennial Advisors, LLC
1350 Avenue of the Americas, Suite 2802
New York, NY 10019
E-mail: sstrasser@perennial.com

This Brochure Supplement provides information about Scott F. Strasser that supplements the Perennial Disclosure Brochure. You should have received a copy of that Brochure. Please contact Scott Strasser if you did not receive the Perennial Brochure or if you have any questions about the contents of this supplement.

Item 2 – Educational Background and Business Experience

Educational Background

Mr. Strasser received a Master of Business Administration degree from Harvard Business School (2003) and a Bachelor of Arts degree in Political Science from Washington University in St. Louis (1997).

Business Background

Scott Strasser is a Managing Partner, co-founder and the Chief Compliance Officer of Perennial Advisors. Prior to founding Perennial in July 2013, he was the President of Strasser Consulting and served as a Special Advisor to GB Merchant Partners from 2012 to 2013. From 2007 to 2012, Mr. Strasser was a Principal (2007-2009) and Managing Director (2009-2012) of GB Merchant Partners (GBMP), the principal investment affiliate of Gordon Brothers Group, where he helped manage a \$320 million private equity fund focused on control and minority investments in middle market consumer companies. Prior to that, Mr. Strasser focused on structured credit, private equity and special situations investment opportunities as a Senior Associate and Vice President in the Principal investment area of Gordon Brothers and GB Palladin Capital (the predecessor to GBMP). Previously, Mr. Strasser was an Associate at the Cypress Group, a late stage private equity buyout firm with over \$3.5 billion under management, where he concentrated on investments in the healthcare, business services, distribution and financial services industries. Mr. Strasser began his career in 1997 as a financial analyst in the Investment Banking division of Bear Stearns, where he worked on mergers, acquisitions, leveraged buyouts, restructurings and corporate finance transactions in the healthcare and pharmaceuticals industries.

Item 3 – Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Mr. Strasser.

Item 4 – Other Business Activities

No information to disclose.

Item 5 – Additional Compensation

No information to disclose.

Item – Supervision

Scott Strasser is a Managing Partner and the Chief Compliance Officer of Perennial Advisors. He is also responsible for overseeing and implementing Perennial's compliance policies and operates within the guidelines set forth in Perennial's Code of Ethics. Mr. Strasser can be reached directly at sstrasser@perennial.com.

Item 1 – Cover Page

Name / Title / Year of Birth: **Shyamli Milam / Partner / 1975**
Address: Perennial Advisors, LLC
1350 Avenue of the Americas, Suite 2802
New York, NY 10019
E-mail: smilam@perennial.com

This Brochure Supplement provides information about Shyamli Milam that supplements the Perennial Disclosure Brochure. You should have received a copy of that Brochure. Please contact Scott Strasser if you did not receive the Perennial Brochure or if you have any questions about the contents of this supplement.

Item 2 – Educational Background and Business Experience

Educational Background

Ms. Milam received a Bachelor of Science degree in Economics with a concentration in Finance and Accounting from the Wharton School at the University of Pennsylvania (1996), where she was a Joseph Wharton scholar and graduated summa cum laude. She was also the valedictorian of her high school class at College du Lemman in Geneva, Switzerland (1992).

Business Background

Shyamli Milam is a Partner and co-founder of Perennial Advisors, where she is responsible for overseeing all activities related to portfolio research and analysis. Prior to co-founding Perennial Advisors in July 2013, Ms. Milam was the Director of Research at Perennial Investors, a long-biased equity hedge fund with over \$400 million under management, from 2005 to 2012. Ms. Milam began her career in 1996 at the Investment Banking division of Bear Stearns, where she worked on mergers and acquisitions in the technology, aerospace and defense sectors. Ms. Milam subsequently worked as an analyst at the Chatterjee Group, a private equity firm with over \$1 billion under management, and as an analyst Rudman Capital Management.

Item 3 – Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Ms. Milam.

Item 4 – Other Business Activities

No information to disclose.

Item 5 – Additional Compensation

No information to disclose.

Item 6 – Supervision

Ms. Milam is a Partner of Perennial Advisors. She operates under the supervision of Perennial's Chief Compliance Officer, Scott Strasser, and within the guidelines of Perennial's Code of Ethics. Mr. Strasser can be reached directly at sstrasser@perennial.com.