

Williams, Jones & Associates, LLC

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This brochure provides information about the qualifications and business practices of Williams, Jones & Associates, LLC (“Registrant”). If you have any questions about the contents of this brochure, please contact us at (212) 935-8750 or jschweon@williamsjones.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Williams, Jones & Associates, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Williams, Jones & Associates, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to Williams, Jones & Associates, LLC's disclosure statement since last year's Annual Amendment filing on February 20, 2013.

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Item 4 Advisory Business

- A. Registrant is a limited liability company formed on June 26, 2006 in the State of Delaware. Registrant became registered as an Investment Adviser Firm in April 1988. Registrant is owned by Williams, Jones & Associates, Inc. William P. Jones, Jr. is Registrant's Chairman and Co-Managing Director, John J. Eager, Jr. is Registrant's President and Co-Managing Director, and Jeff Schweon is Registrant's Chief Legal Officer.
- B. As discussed below, Registrant offers to its clients (individuals, family groups, retirement plans, institutions, trusts, estates and not-for-profit organizations) investment advisory services. Registrant **does not** hold itself out as providing financial, estate, or insurance planning services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Registrant to provide discretionary or non-discretionary investment advisory services on a *fee-only* basis. Registrant's annual investment advisory fee is generally based upon a percentage (between 0.50% and 1.00%) of the market value of the assets placed under Registrant's management, as follows:

<u>Assets Under Management</u>	<u>Annual Rate</u>
First \$3,000,000	1.00%
Next \$7,000,000	0.75%
Over \$10,000,000	0.625%
Tax Exempt Municipal Bonds	0.50%

MISCELLANEOUS

Limited Consulting/Implementation Services. Although Registrant does not hold itself out as providing financial planning services, to the extent specifically requested by a client, Registrant *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate and tax planning and insurance, that are generally ancillary to the investment management process. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis. Registrant *may* at some point determine to charge a fee for such consulting services. Registrant does not serve as an attorney, accountant, or licensed insurance agent, and no portion of Registrant's services should be construed as offering the same. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes, such as attorneys and accountants. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation

from Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

Private Investment Funds. Registrant may provide investment advice regarding private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for the purposes of Registrant calculating its investment advisory fee. **Registrant's clients are under no obligation to consider or make an investment in a private investment fund.**

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which are provided to each client for their review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that client is qualified for investment in the private fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (or a value as of a previous date), the current value(s) (to the extent ascertainable) could significantly differ from the original purchase price.

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions or events (there being **no guarantee** that such anticipated market conditions or events will occur), Registrant *may* maintain cash positions for defensive purposes. All cash positions, including investment in money market funds, shall generally be included as part of assets under management for purposes of calculating Registrant's advisory fee.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions that a client or prospective client may have regarding the above fee billing practice.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transaction without first obtaining prior verbal or written consent to any such transaction from the client. Thus, in the event of a market correction during which the client is unavailable, Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal or written consent.

Sub-Advisory/Portfolio Manager Arrangements. Registrant may be engaged as a sub-advisor or portfolio manager by other, unaffiliated registered investment advisers (each, an "*Unaffiliated Adviser*"). When engaged as a sub-advisor, Registrant shall have discretionary authority for the day-to-day management of the assets allocated by the *Unaffiliated Adviser* for Registrant's management. Registrant shall also receive a management fee directly from the *Unaffiliated Adviser*. Individual clients of the *Unaffiliated Adviser* do not select Registrant directly. The *Unaffiliated Adviser* engages Registrant on behalf of the *Unaffiliated Adviser's* client to manage that particular client's account. Accordingly, Registrant is relying on the *Unaffiliated Adviser's* assessment to determine if Registrant's investment strategy is suitable and appropriate for the *Unaffiliated Adviser's* client.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains the client's responsibility to promptly notify Registrant if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

Disclosure Statement. A copy of Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement*.

- C. Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, a portfolio manager of Registrant will ascertain each client's investment objectives. Thereafter, Registrant shall allocate and recommend that the client allocate investment assets consistent with the designated investment objective. The client may, at any time, impose reasonable restrictions, in writing, on Registrant's services.
- D. Registrant does not participate in any wrap fee program.
- E. As of February 25, 2014, Registrant had \$4,576,514,390 in assets under management on a discretionary basis and \$174,359,532 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Registrant to provide discretionary or non-discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Registrant to provide discretionary or non-discretionary investment advisory services on a *fee-only* basis, Registrant's annual investment advisory fee shall generally be based upon a percentage (between 0.50% and 1.00 %) of the market value and type of assets placed under Registrant's management, as follows:

<u>Assets Under Management</u>	<u>Annual Rate</u>
First \$3,000,000	1.00%
Next \$7,000,000	0.75%
Over \$10,000,000	0.625%
Tax Exempt Municipal Bonds	0.50%

- B. Clients may elect to have Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Management Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Registrant's investment advisory fee and to directly remit that management fee to Registrant in compliance with regulatory procedures. In the limited event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant generally deducts fees and bills clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant generally recommends one of the following entities - Charles Schwab and Co., Inc. ("*Schwab*"), Fiduciary Trust International ("*Fiduciary Trust*"), State Street Brokerage Services Inc. ("*State Street*"), Pershing LLC ("*Pershing*"), or Morgan Stanley - to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers, such as *Schwab*, *Pershing*, *Fiduciary Trust*, *Morgan Stanley* and *State Street*, charge brokerage commissions and transaction fees for effecting certain securities transactions (*i.e.*, transaction fees are charged for certain no-load mutual funds and commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and transaction fees, clients will also incur, relative to all mutual fund and exchange-traded fund purchases, charges imposed at the fund level, such as management fees and other fund expenses. When beneficial to the client, individual fixed-income or equity transactions may be effected through broker-dealers with whom Registrant or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC-registered and

FINRA member broker-dealers, in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “tradeaway” fee charged by the custodian.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, based upon the market value of the assets on the last business day of the previous quarter. Registrant generally requires an aggregate minimum account asset level of \$1,000,000 for investment management services. Registrant, in its sole discretion, may reduce or waive its minimum account asset level requirement or charge a different investment management fee 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, or negotiations with client.

The *Investment Management Agreement* between Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. Upon termination, Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Registrant does not accept compensation from the sale of securities or other investment products.

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

Registrant does not accept performance-based fees.

Item 7 Types of Clients

Registrant's clients generally include individuals, family groups, retirement plans, institutions, trusts, estates and not-for-profit organizations. Registrant generally requires a minimum account asset level of \$1,000,000 for investment management services. Registrant, in its sole discretion, may reduce or waive its minimum account asset level requirement or charge a different investment management fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, or dollar amount of assets to be managed, related accounts, account composition, or negotiations with client.

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

- A. Registrant may utilize the following methods of security analysis:
- Charting - Analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices.
 - Fundamental - Analysis performed on historical and present data, with the goal of making financial forecasts.
 - Technical - Analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices.

- Cyclical - Analysis performed on historical relationships between price and market trends to forecast the direction of prices.

Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long-term Purchases (securities held at least a year)
- Short-term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level.

- B. Registrant's methods of analysis and investment strategies do not present any significant or unusual risks, however, every method of analysis has its own inherent risks. To perform an accurate market analysis, Registrant must have access to current market information. Registrant has no control over the dissemination rate of market information. Accordingly, without the knowledge of Registrant, certain analyses may be compiled with outdated market information, thereby severely limiting the value of Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurance that a forecasted change in market value will materialize into actionable or profitable investment opportunities.

Registrant's primary investment strategies – long-term purchases, short-term purchases, and trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to develop. Shorter-term investment strategies require a shorter investment time period to develop but, as a result of more frequent trading, may incur higher transactional costs when compared with a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30)-day investment time period, involves a very short investment time period but will incur higher transaction costs when compared with a short-term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Registrant primarily allocates client investment assets among various individual equity (stocks), fixed income securities (bonds and bond funds), mutual funds, exchange traded funds (“ETFs”) and alternative investments (“hedge funds”) on a discretionary and non-discretionary basis in accordance with the client's designated investment objectives.

Registrant's investment approach generally focuses on long-term growth of client capital through proper asset allocation, growth and value equity and active fixed-income management. Registrant offers a blend of traditional and alternative investment products that are customized to meet client objectives.

Most of Registrant's clients are high net worth individuals and related accounts. Registrant reviews each client's overall circumstances and investment objectives in determining an appropriate investment approach for that client.

Registrant's investment process is comprised of four main elements: asset allocation; equity management; fixed income management; and alternative investments. The investment process is built on an asset allocation framework based on each client's investment objectives, such as income and liquidity requirements, financial goals, tax status, risk tolerance and capital growth goals. Registrant has no bias to a particular asset class and will adjust a client's asset allocation based on changing client needs as well as the changing risk/reward trade-offs of various investment alternatives. Registrant believes that globalization, volatility, government intervention and the faster pace of economic and financial market changes argue for an active asset management process.

Registrant's equity approach focuses on identifying investment themes that have fundamental business "tailwinds" and constructing a diversified portfolio of companies that have superior qualitative and quantitative characteristics. Registrant studies the value chain within these themes to discover which businesses have the most attractive attributes, such as market leadership, unit growth, strong cash flow, defensible product position and recurring revenues. Once the most attractive business segment in the value chain has been selected, Registrant focuses its efforts on discovering the best managed and positioned companies within this segment. Portfolios are generally diversified by industry group to reduce overall volatility. Registrant may also utilize *ETFs* to gain diversification or foreign exposure.

Registrant's approach to fixed income-investing focuses on achieving maximum interest income while minimizing risk to principal. Because each portfolio is managed separately, Registrant can customize both portfolio and reporting to meet client requirements, such as cash flow needs, tax efficiency and income requirements. Taxable fixed income portfolios are built around a core of high quality (underlying rating of "A" or better), intermediate-term fixed income securities, typically general obligation and essential services municipal bonds. Registrant favors higher-coupon premium municipal bonds with longer stated maturities priced to a shorter call date. Bonds of this type generally have less sensitivity to interest rates than par or discount bonds, providing stability during periods of low and rising interest rates. Conversely, during periods of high secular and cyclical interest rates, Registrant generally extends duration and purchases current coupon and discount bonds. For tax-exempt portfolios, such as IRA's, foundations and pension plans, Registrant invests in U.S. Treasuries, mortgage-backed securities, individual bonds issued by government agencies, municipalities (taxable municipal bonds) and investment-grade corporate bonds. Registrant may also utilize bond funds (open-end, closed-end and exchange-traded) for liquid, diversified exposure to specific sectors of the fixed income market. Changes in duration and sector rotation are a function of Registrant's outlook on interest rates and credit quality. The structure of any particular portfolio is dependent upon market conditions and a client's investment objectives. Registrant's goal is to combine above-average returns with low risk exposure over time.

Private Investment Funds. Registrant may provide investment advice regarding private investment funds/alternative investment management. Registrant's alternative investment management approach focuses primarily on investments in hedge funds. A hedge fund is a private investment portfolio that is usually structured as a limited partnership or limited liability company and open only to accredited investors or qualified purchasers. The general partner invests the limited partner's capital based upon the fund's investment strategies. The general partner typically charges an incentive fee based on performance. Registrant selects hedge funds based on adherence to an investment style, limited use of leverage, quality of investment team, risk control measures and historical performance results. Registrant is in frequent contact with the fund managers and replaces those who do not perform as expected. Registrant invests in a diverse group of funds, including long/short equity, fixed income arbitrage, event driven distressed and global macro.

From time to time, Registrant may become aware of non-public offerings of securities, in particular, hedge funds ("*Private Investments*"), that Registrant believes would be suitable investments for certain clients. Frequently, *Private Investments* impose minimum purchase requirements that Registrant's clients may be unable to satisfy individually or that Registrant would deem inadvisable for its clients to satisfy. Accordingly, to permit its clients to participate in these opportunities, Registrant has formed a limited liability company – WJA Alternative Investment Strategies I, LLC ("*WJA Alternative Strategies*") – that creates separate series for each hedge fund investment ("*Series*") in which its clients combine their resources and thereby satisfy any minimum purchase requirements. Such investments will be subject to the fees of the *Private Investment* manager, if applicable, as well as to investment management fees charged by Registrant.

From time to time, Registrant has, and may in the future also participate in, private equity transactions. Investments in privately-held companies for which market quotations are not readily available are valued at fair value as estimated by Registrant. The transaction price is typically the best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect exit values. Ongoing reviews by Registrant are based on, as applicable, an assessment of the underlying investment's current operations, current financial information, original cost and holding period, evaluation of business and management, recently executed and planned financing transactions and expected cash flows and performance multiples.

Registrant served as the investment manager for Greenwich Mooney Management Housing, L.P., a Delaware limited partnership (the "*Housing Fund*") whose primary objective was to generate income that was exempt from federal income taxation through investment in mortgage-related bonds, including single-family and multi-family housing bonds, bonds guaranteed by federal housing agencies, including but not limited to the Government National Mortgage Association, The Federal Housing Administration, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, as well bonds guaranteed by state mortgage-financing agencies,

and any other similar federal or state agencies or initiatives formed in the future, the interest on which is exempt from federal income taxation. As of March 1, 2013, the Housing Fund was converted into a Delaware limited liability company and renamed WJA Housing Bond Fund, LLC. Registrant formed a Delaware limited liability company – WJA Housing Bond Fund Managing Member, LLC – that acts as managing member of the Housing Fund, with Registrant continuing as investment manager of the Fund. The primary investment objective of the Housing Fund has remained unchanged. The Fund pays a management fee to Registrant of 0.50% per annum of the capital account of each member of the *Housing Fund*, payable on a quarterly basis in advance. Registrant charges no additional management or other fee for client assets invested in the *Housing Fund* on top of the investment management fee charged to the Housing Fund.

For those clients that engage Registrant on a discretionary basis, as indicated in the Investment Management Agreement, unless the client has advised Registrant to the contrary, Registrant may, on a discretionary basis, invest a portion of the client's investment assets into a *Series* or in the *Housing Fund* in the same manner as it would allocate client assets among other types of investments (*i.e.*, individual equity and fixed income, mutual funds, and *ETFs*).

Please Note/Conflict of Interest: Because Registrant could, but currently does not, receive an advisory fee as a result of the *Series* or the *Housing Fund* in excess of that which it would receive if the client determined not to provide Registrant with discretionary authority to invest a portion of client assets in one or more *Series* or the *Housing Fund*, Registrant's authority to do so presents a potential **conflict of interest**. No client is under any obligation to become an investor in one or more *Series* or in the *Housing Fund*. That portion of a client's assets that are invested in one or more *Series* shall also be included in the assets under management for the purpose of Registrant calculating its advisory fee above. Registrant could be (but is not currently) compensated for its services from both the client and from the hedge funds underlying each *Series*. Any client who does not wish any portion (or desires to restrict the portion so invested) of client's assets invested in one or more *Series* or in the *Housing Fund* must notify Registrant in writing.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions regarding this potential conflict of interest.

Please Note: Private Investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in the offering documents for each *Series* and for the *Housing Fund* that is provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, Private Investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified for investment in the *Series* or in the *Housing Fund*, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. Registrant references interests in each *Series* and in the *Housing Fund* owned by the client on its quarterly account report. The value of the Private Investment fund underlying each *Series* shall reflect the initial purchase price (i.e., original cost) and the most recent valuation provided by the Private Investment fund. As such, the initial purchase price of a *Series* or in the *Housing Fund* could be **significantly different from** its current value.

Item 9 Disciplinary Information

Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Registrant is not registered nor does it have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Registrant is not registered nor does it have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Registrant does not recommend or select other investment advisors for its clients.

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

- A. Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's employees that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

- B. As disclosed above, Registrant may, on a discretionary basis, invest a portion of the client's investment assets in the alternative investment area via *Series* or the *Housing Fund* formed and managed by Registrant. (*See* Item 8.C above)

Please Note/Conflict of Interest: Because Registrant could, but does not presently nor is it Registrant's intent to, receive an advisory fee from the hedge funds underlying each *Series* in excess of that which it would receive if the

client determined not to provide Registrant with discretionary authority to invest a portion of client assets in one or more of the *Series* or in the *Housing Fund*, Registrant's authority to do so presents a potential **conflict of interest**. No client is under any obligation to become an investor in any *Series* or in the *Housing Fund*. That portion of a client's assets that are invested in *Series* are also be included in the assets under management for the purpose of Registrant calculating its advisory fee above. Thus, Registrant may be compensated for its services from both the client and the nature of client assets invested in a *Series*. The Fund pays a management fee to Registrant of 0.50% per annum of the capital account of each member of the *Housing Fund*, payable on a quarterly basis in advance. Registrant charges no additional management or other fee to a client for client assets invested in the *Housing Fund* on top of the investment management fee charged to the Housing Fund.

The fees received by Registrant for client assets invested in a *Series* cover Registrant oversight of each Series, in particular, the third-party hedge fund underlying each *Series*. The fees received by Registrant from the *Housing Fund* for client assets invested in the *Housing Fund* cover Registrant's investment management of the *Housing Fund*. Each *Series* and the *Housing Fund* covers its own administrative costs, such as audit, accounting and custodial fees. Any client who does not wish any portion (or desires to restrict the portion so invested) of client's assets invested in a *Series* or in the *Housing Fund* must notify Registrant in writing.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions regarding this potential conflict of interest.

- C. The employees of Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant's employees are in a position to benefit materially from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (*i.e.*, a practice whereby the owner of shares of a security recommends such security for investment and then immediately sells it at a profit upon the rise in the market price that follows the recommendation) could take place if Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help to detect insider trading, "front-running" (*i.e.*, personal trades executed prior to those of Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that Access Person of Registrant must provide the Chief Compliance Officer or his designee with a written report (in the form of securities statements) of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his designee with duplicate securities statements at least once each calendar quarter thereafter. In addition, it is the policy of Registrant to have all personal securities accounts of its Access Persons on Registrant's portfolio management system and to have all securities, subject to certain exceptions, traded through Registrant's head trader.

- D. Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where employees of Registrant are in a position to benefit materially from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Registrant recommend a broker-dealer or custodian for execution or custodial services (exclusive of those clients who may direct Registrant to use a specific broker-dealer or custodian), Registrant may recommend that investment management accounts be maintained at *Schwab, Fiduciary Trust, State Street, Morgan Stanley, or Pershing*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Management Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial agreement with each designated custodian. The relationship of Client with his custodian is separate and independent of his relationship with Registrant.

Factors that Registrant considers in recommending the above-referenced entities (or any other broker-dealer or custodian to clients) include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, efficiency, research and service.

Although the commissions and transaction fees paid by Registrant's clients shall comply with Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the commission or transaction fee is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

The brokerage commissions or transaction fees charged by the designated broker-dealer or custodian are exclusive of, and in addition to, Registrant's investment management fee. Registrant's best execution responsibility is satisfied if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. In return for effecting securities transactions through certain designated broker-dealer/custodians, such as Instinet, BNY ConvergeX, Schwab, or Pershing, Registrant may receive certain investment research products or services that assist the Registrant in its investment decision-making process for its clients pursuant to Section

28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services received by Registrant may include, but are not limited to: analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; portfolio management systems; and statistical and pricing services. While the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by Registrant that have a mixed use of both research and non-research functions, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion that provides administrative or other non-research assistance will be paid for by Registrant with hard dollars. *Schwab* may also from time to time provide Registrant with other services intended to help the Registrant manage and further develop its business enterprise, including assistance in the following areas: consulting; publications and presentations; information technology; business succession; and marketing. In addition, *Schwab* may make available or arrange or pay for these types of services provided by independent third parties, including regulatory compliance.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer or custodian, Registrant may receive from a broker-dealer or custodian, without cost or at a discount, support services or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance or practice management-related publications, discounted or gratis consulting services, discounted or gratis attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware and software and other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services or products that *may* be received may assist Registrant in managing and administering client accounts. Others may not directly provide such assistance, but rather assist Registrant in managing and further developing its business enterprise.

Registrant's clients do not generally pay more, on any overall basis, for investment transactions effected or assets maintained at *Schwab*, *Fiduciary Trust*, *State Street*, *Pershing*, or *Morgan Stanley* as a result of this arrangement. There is no corresponding commitment made by Registrant to these entities or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest that such arrangement may create.

2. Registrant does not receive referrals from broker-dealers.
3. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. Transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day or time period, as appropriate. Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. Account reviews are conducted on an ongoing basis. Portfolio managers are responsible for reviewing the portfolio(s) of each of their clients. Registrant's

Investment Committee, which consists of all of the Registrant's portfolio managers, determines the general policies and strategies to be utilized by portfolio managers. All clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives or financial situation. All clients (in person or via telephone or e-mail) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Registrant on an annual basis.

- B. Registrant *may* conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives or financial situation, market corrections, or client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer, custodian, or program sponsor for the client accounts. Registrant may also provide written periodic reports summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Registrant may receive an indirect economic benefit from its broker-dealers. Registrant, without cost (or at a discount), may receive support services or products from broker-dealers.

Registrant's clients do not pay more for investment transactions effected or assets maintained at such broker-dealers as a result of this arrangement. There is no corresponding commitment made by Registrant to any broker-dealer to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Registrant's investment management fee and shall not result in any additional charge to the client. If the client is introduced to Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Registrant and the solicitor, including the compensation to be received by the solicitor from Registrant.

Item 15 Custody

Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian for the client accounts. Registrant may also provide written periodic reports summarizing account activity and performance.

To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

As Registrant manages and is the investment adviser for certain private funds (see Item 8.C herein), it is deemed to have custody of such funds pursuant to Rule 206(4) of the Investment Advisers Act. Registrant has, as required by said Rule, engaged an independent public accountant that is registered with, and subject to inspection by, the PCAOB (Public Company Accounting Oversight Board) for audits of such private funds for fiscal years beginning on or after January 1, 2010.

As Registrant serves as trustee and investment adviser on certain accounts, it is deemed to have custody of such accounts pursuant to Rule 206(4) of the Investment Advisers Act. As required by said Rule, Registrant has engaged a certified public accountant to perform annual surprise examinations of said trust accounts on or prior to December 31 of each calendar year.

Item 16 Investment Discretion

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Management Agreement*, naming Registrant as client's attorney and agent in fact, and granting Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in client's discretionary account.

Clients who engage Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on Registrant's discretionary authority (*i.e.*, limit the types or amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, or limit or proscribe Registrant's use of margin).

Item 17 Voting Client Securities

- A. Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by

issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other types of events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Registrant to discuss any questions they may have with respect to a particular solicitation.

Item 18 Financial Information

- A. Registrant does not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Registrant's Chief Compliance Officer, Jeff Schweon, is available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.