

## **ALLBRIGHT ASSET MANAGEMENT, INC.**

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**March 11, 2014**

### **FORM ADV PART 2A BROCHURE**

**This brochure provides information about the qualifications and business practices of Allbright Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at (315) 593-6795. 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 Allbright Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Allbright Asset Management, Inc. is 106936.**

**Allbright Asset Management Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 20, 2013 there are no material changes to report.

## Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 6
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9 Disciplinary Information	Page 9
Item 10 Other Financial Industry Activities and Affiliations	Page 9
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 9
Item 12 Brokerage Practices	Page 10
Item 13 Review of Accounts	Page 12
Item 14 Client Referrals and Other Compensation	Page 12
Item 15 Custody	Page 13
Item 16 Investment Discretion	Page 13
Item 17 Voting Client Securities	Page 13
Item 18 Financial Information	Page 14
Item 19 Requirements for State-Registered Advisers	Page 14
Item 20 Additional Information	Page 14

## Item 4 Advisory Business

Allbright Asset Management, Inc. is a registered investment adviser based in Fulton, New York. Our firm is organized as a corporation under the laws of the State of New York and we have been providing investment advisory services since 1987. Lee Allbright is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Asset Management Services**
- **Financial Planning and Consulting Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Allbright Asset Management, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Asset Management Services**

We provide discretionary asset management services where the investment advice provided is tailored to meet your needs and investment objectives. At the inception of the relationship, we will gather relevant information from you such as your risk tolerance, investment objectives and other relevant information and will recommend an initial portfolio to you. As part of our asset management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. We may also invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary asset management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for asset management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
Under \$100,000	1.75%
\$100,000 to \$1,000,000	1.25%
Over \$1,000,000	0.95%

Our fee is billed and payable annually in advance based on the market value of your account on the beginning of the client's anniversary year. We may allow accounts of members of the same household to be aggregated for purposes of meeting our minimum account size or fee. We may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Either party, upon written notice to the other, may terminate the advisory agreement. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the year for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees. The advisory agreement may not be assigned without the consent of the client.

### **Financial Planning Services**

We provide broad based, modular and consultative financial planning services for a fee. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. When providing financial planning we consider issues such as diversification, estate, retirement, disability planning, risk management, general asset management, cash flow, income tax planning and insurance planning.

The process typically begins with a complimentary introduction meeting during which the various services we provide are explained. If you decide to engage us for financial planning services, we will collect pertinent information about your personal and financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once such information has been reviewed and analyzed, a written financial plan designed to achieve your stated financial goals and objectives may be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives.

In some circumstances, clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer financial plans in a limited modular format and/or general consulting services that address only those specific areas of interest or concern.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

For broad based financial planning services we charge a fixed fee of \$2,200. For limited modular plans, we charge a negotiable reduced amount depending on the scope and complexity of the plan. We may require 50% of the fee to be paid in advance with the remainder due upon presentation of the plan. Our fees are negotiable depending on the nature, complexity, and time involved in providing the requested services. In certain circumstance, the fees may exceed the initial fee quoted, in which case, we will obtain your approval before performing additional services. We charge a negotiable fixed fee of \$850 for updates to a financial plan. For hourly consulting services, our negotiable fees range between \$150 and \$300 and is generally due upon completion of the consultation. At our discretion, we may waive and/or reduce financial planning fees if clients retain us for asset management services. In the

event clients implement a plan by purchasing insurance products through associated persons of our firm, in their capacity as insurance agents, we may offset our financial planning fees against the insurance commission earned.

Either party, upon written notice to the other, may terminate the financial planning agreement. In the event of termination, you will be charged for the portion of work we have performed through the date of termination and, if applicable, you will receive a pro-rated refund for any unearned fees which you have paid in advance. The agreement may not be assigned without the consent of the client.

### **Types of Investments**

We primarily offer advice on mutual funds and exchange traded funds ("ETFs"). When suitable we generally recommend no load mutual funds.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2013, we manage \$37,218,179 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Refer to the *Advisory Business* section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. Refer to the *Brokerage Practices* section below for additional disclosures.

### **Compensation for the Sale of Securities or Other Investment Products**

Associated Persons providing investment advice on behalf of our firm may be licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Advisory Business" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, corporations, and other business entities.

In general, we require a minimum of \$100,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

### Risks Associated with Methods of Analysis and Investment Strategies

**Fundamental Analysis** - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Cyclical Analysis - The risk of cyclical analysis is that economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### **Investment Strategy and Tax Disclosures**

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. We generally take tax efficiency into consideration in the management of your assets. Nonetheless, regardless of your account size or any other factors, we recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as tax law requires that the cost basis method remain unchanged after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds and exchange traded funds ("ETFs"), however we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular



type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During time of extreme market volatility ETF pricing may lag vs the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day) however there is no guarantee this relationship will always occur. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns.

## **Item 9 Disciplinary Information**

Allbright Asset Management, Inc. has been registered and providing investment advisory services since 1987. Neither our firm nor any of our management persons has any reportable disciplinary information.

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

In addition to the services described under the "Advisory Business" section of this brochure, our firm provides tax return preparation services. We charge a negotiable fixed fee for tax preparation which ranges from \$70 to \$225 due upon completion of services rendered.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our firm policy that we shall not have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

We suggest that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (Schwab), registered broker-dealer, member SIPC, among others, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we suggest that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

**Services That Benefit You.** 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 you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. 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 may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange 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. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see *"How We Select Brokers/Custodians"*) and not Schwab's services that benefit only us.

As of December 2013 we had \$37,218,179 in client assets under management on a discretionary basis (see Assets Under Management Section above), and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided and other products and services that benefit us (see Products and services that benefit us, as discussed below), the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

**Brokerage For Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**Item 13 Review of Accounts****Asset Management**

Lee Allbright will monitor asset management accounts on a continuing basis including quarterly reports sent to the client and whenever possible an annual face-to-face meeting with the client for an in-depth review of their account balance and performance. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, upon client request, substantial changes in the value of a client's portfolio and a change in the client's investment objectives.

Clients will also receive statements directly from their account custodian(s) on a quarterly basis.

**Financial Planning**

In the event clients retain us on an ongoing basis, we will provide annual updates to financial plans which may be subject to an \$850 fee, which may be waived or reduced in our sole discretion.

**Item 14 Client Referrals and Other Compensation**

Please refer to the "Brokerage Practices" section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab Institutional.

We do not compensate anyone for client referrals or receive other compensation other than disclosed in the Brokerage Practices section above.

## Item 15 Custody

As paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees, but only if you previously consented to such deduction in writing. This authority to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We may also have custody on certain accounts which we have online access via user id and password. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period as well as disbursements from the account. You should carefully review account statements for accuracy.

You should compare any statements you receive from us with the statements from your account custodian(s). If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at (315) 593-6795.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. If you engage us to provide investment advisory services on a discretionary basis, we have the authority to determine the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

## Item 17 Voting Client Securities

In the event clients authorize us to vote proxies on their behalf, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. In some cases, we may abstain from voting. We do not ordinarily accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will generally abstain from voting.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

If you do not authorize us to vote proxies on your behalf, you are responsible for exercising your right to vote as a shareholder. In such cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

As we require pre-payment of fees in excess of \$1200 for six months or more in advance of services rendered, we will provide clients with an audited balance sheet for our most recent fiscal year end.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered firm therefore this section is not applicable.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of our privacy policy notice to you on an annual basis. Please contact us at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

For accounts maintained at Schwab Institutional, if a profit results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, you are not permitted to keep the gain, or you do not want the profit (e.g., due to tax reasons). If the profit does not remain in your account, Schwab will donate the amount of any profit \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will keep

the loss or profit (if you do not keep the profit) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in profit and losses in your account, they may be netted.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.