

Cutler Capital Management, LLC

FORM ADV PART 2A – DISCLOSURE BROCHURE

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This disclosure brochure provides clients with information about the qualifications and business practices of Cutler Capital Management, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). It also describes the services Cutler Capital Management, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Cutler Capital Management, LLC. Please contact David Grenier, President and Chief Compliance Officer of Cutler Capital Management, LLC, at 508-757-4455 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Cutler Capital Management, LLC or any individual providing investment advisory services on behalf of Cutler Capital Management, LLC possess a certain level of skill or training. Additional information about Cutler Capital Management, LLC is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cutler Capital Management, LLC is 107463.

Item 2 – Material Changes

This item discusses specific material changes to the Cutler Capital Management, LLC disclosure brochure.

Pursuant to current SEC Rules Cutler Capital Management, LLC will ensure that clients receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year which occurs at the end of the calendar year. Cutler Capital Management, LLC may further provide other ongoing disclosure information about material changes as necessary.

Cutler Capital Management, LLC will also provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Cutler Capital Management, LLC has made the following material changes to this Form ADV 2A since it was last updated on March 24, 2014:

Item 5 – Fees and Compensation

Cutler Capital Management has revised its fee schedule for separately managed accounts. Qualified Clients now have the option of selecting either a fixed asset-based fee or a performance-based fee.

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Item 4 - Advisory Business

A. The Company

Cutler Capital Management, LLC is a privately-held Massachusetts limited liability company that has been providing investment advisory services since 2003 and has been registered with the SEC since 2000. Throughout this written disclosure brochure, the company is referred to as "Cutler".

The principal owners of Cutler are Melvin S. Cutler and David N. Grenier.

Investment Team

Melvin S. Cutler
Chief Investment Officer

Mr. Cutler is Chief Investment Officer and is also a Portfolio Manager for the Cutler Investment Fund, L.P., Cutler Income & Growth Fund, L.P. and Individually Managed Accounts.

Mr. Cutler has researched and invested in convertible securities and other income producing securities since 1975. He registered as an investment adviser with the Securities & Exchange Commission in 1986 and incorporated his registration into Cutler, Wentzell & Moynihan (CWM) a wealth advisory firm in 2000. CWM was converted into Cutler Capital Management, LLC in 2003 to focus specifically on managing convertible security oriented investment portfolios for high net worth individuals and institutional clients. Mr. Cutler also founded Flagship Bank & Trust, Worcester, MA and Madison Banc Shares (NASDAQ: MDBS), in Palm Harbor, FL. Both banks were sold to publicly owned bank holding companies - Chittenden NA Bank and Whitney NA bank, respectively.

Mr. Cutler is a graduate of the City College of New York

David N. Grenier
President and Managing Member

Mr. Grenier is Cutler Capital's Managing Member, President, and is also a Portfolio Manager for the Cutler Investment Fund, L.P., Cutler Income & Growth Fund, L.P., and Individually Managed Accounts.

Mr. Grenier joined Mr. Cutler in June 2003. He managed the conversion of Cutler, Wentzell & Moynihan into Cutler Capital Management, LLC and played an integral role in the launch of Cutler's first convertible hedge fund early in 2004. Mr. Grenier has 17 years of banking experience, including 12 years at Fleet Boston Financial. At Fleet's Private Clients Group he led a team of investment and estate planning professionals responsible for managing \$2 billion in assets for high net worth individuals and institutions. Prior to the Private Clients Group, Mr. Grenier worked within Fleet's Corporate Lending and Managed Asset Divisions where he developed company valuation and debt underwriting skills in connection with Fleet's extension and restructuring of loans. Mr. Grenier applied these skills within airline, manufacturing, utility, high-technology and real estate industries and they are essential to managing and evaluating Cutler's current and prospective investments.

Mr. Grenier is a graduate of Amherst College and serves on the investment committee of the Health Foundation of Central Massachusetts, Inc. and is Chairman of Spectrum Health Systems, Inc. Board of Directors

Paul V. Bucci
Managing Director

Mr. Bucci is a Portfolio Manager for Individually Managed Accounts.

From 2009 to 2011, Mr. Bucci was Member and Chief Investment Officer of Second Moment Capital Management, LLC. Prior to that, Mr. Bucci was a Principal and Senior Convertible Portfolio Manager for TQA Investors, LLC, from 1996 to 2007, when TQA was acquired by Context Capital Management LLC. He continued in this role with Context Capital until 2009. Mr. Bucci was responsible for managing TQA's hedged and long only convertible funds and specialized in analyzing global convertible securities. He developed the firm's proprietary trading systems with a particular focus on gamma trading to monetize intraday volatility. From 1994 to 1995, Mr. Bucci was at Templeton Quantitative Advisors, Inc. as a Vice President responsible for portfolio management and trading of the firm's hedged equity products. Mr. Bucci was formerly an Analyst/Trader with the Quantitative Equity Group at Harvard Management Company in Boston from 1992 to 1994 where he was involved with managing quantitatively structured portfolios. In 1985, Mr. Bucci joined the Putman Company where he completed a management training program.

Mr. Bucci obtained a B.A. in Organic Chemistry from Middlebury College in 1985 and an M.B.A. in Finance from Northeastern University in 1991.

Geoffrey Dancey, CFA
Portfolio Manager, Securities Analyst and Trader

Mr. Dancey is a Portfolio Manager for the Cutler Investment Fund, L.P. and Individually Managed Accounts.

Mr. Dancey has been a Securities Analyst and Trader with Cutler since 2002. He is experienced trading over-the-counter convertible bonds and preferred securities; exchange-traded convertible preferred securities; and, executing option pairs and program trades for Cutler. Mr. Dancey cultivates and maintains important relationships with approximately 24 convertible dealers. Mr. Dancey is also an experienced Security Analyst, performing fundamental equity research and convertible security analysis. This research is the foundation for the firm's investment decisions.

Mr. Dancey is a graduate of Clark University MBA program.

B. Advisory Services

Cutler provides discretionary investment management services to both individually managed accounts ("Individually Managed Accounts") and to private investment funds organized as pooled investment vehicles ("Private Investment Funds").

Types of Investments

Cutler specializes in convertible securities. Convertible securities, which are commonly known as "convertibles", are securities that can be converted into another security typically common stock. Convertibles are hybrid securities; in other words, they combine the

characteristics of two different types of investment instruments. Convertibles are found in two basic forms: convertible bonds and convertible preferred stock. These convertible bonds and convertible preferred stock can be exchanged for (or, *converted to*) a specified number of the issuing company's common stock shares at the option of the convertible holder.

Cutler typically invests in convertibles issued as bonds or preferred securities that can be converted to stocks. Both provide a stream of income, like bonds, but also have the potential for growth, like stocks, based on the performance of their underlying stocks.

The portfolios of Individually Managed Accounts and Private Investment Funds are primarily invested in convertibles, though the portfolios will be supplemented by investments in real estate investment trusts (REITs) and dividend-paying stocks.

Individually Managed Accounts

Individually Managed Accounts will be designed, based on the client's financial goals, tolerance for risk and investing timeline. Cutler uses the following approach to build and manage portfolios for Individually Managed Account clients:

- Build positions with convertibles offering reliable current income, growth potential and attractive downside risk characteristics.
- Allocate 70% to 85% of the portfolio to convertible securities and 15% to 30% to REITs and dividend-paying stocks.
- Diversify 10 to 30 holdings across industry sectors and market capitalizations.
- Limit exposure to any single company to less than 15% of the portfolio.

Private Investment Funds

Important Note: Private Investment Funds advised by Cutler are not offered or sold to the public. They are accessible only to investors who are considered "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended, who receive a confidential private placement memorandum issued by the fund and who ultimately become parties to the operating agreement governing operation of the fund.

Investments in the Private Investment Funds are made in accordance with the offering documents of the individual fund. The terms and conditions for participation in any such private fund, including management and incentive fees, conflicts of interest and risk factors, are set forth in each Private Investment Fund's offering documents, which each prospective investor shall receive, and be required to complete and submit certain portions to Cutler in order to demonstrate qualification for investment in the Private Investment Fund.

At present, Cutler acts as general partner and investment manager of the following Private Investment Funds: the Cutler Investment Fund, L.P.; and the Cutler Income & Growth Fund I, L.P.. Please see the "Investment Strategies" section of on page 9 this disclosure brochure for additional information regarding the investment objectives, types of investments and risk exposures of each Private Investment Fund managed by Cutler.

Because of the "pooled" nature of the Private Investment Funds managed by Cutler, clients may not impose restrictions on investments in certain securities or types of securities.

C. Client Tailored Services and Client Imposed Restrictions

Individually Managed Accounts

Cutler's investment advisory services are tailored to meet the specific needs of each client. In order to provide appropriately individualized services, Cutler will work with the client to obtain information regarding the client's investment objectives, risk profile and other information regarding the client's financial and investment needs.

Cutler will periodically review with clients their financial circumstances, investment objectives and risk profile. In order for Cutler to provide effective advisory services, it is critical that clients provide accurate and complete information to Cutler and inform Cutler anytime such information needs to be updated or anytime there is a change in their financial circumstances, investment objectives and/or risk profile.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing Exchange Traded Funds, mutual funds or with respect to certain third-party products or services made available through Cutler. In addition, a restriction request may not be honored if it is fundamentally inconsistent with Cutler's investment philosophy, runs counter to the client's stated investment objectives, or would prevent Cutler from properly servicing client accounts.

Private Investment Funds

Investors in private investment funds managed by Cutler are not permitted to impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

Cutler does not provide portfolio management services to a wrap fee program(s). Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (*e.g.*, execution of trades) are provided for one fee. This is different than traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

E. Assets Under Management

As of December 31, 2013, the total amount of assets managed by Cutler is approximately \$356,700,000. Of this amount, approximately \$400,000 is managed on a non-discretionary basis and \$356,300,000 on a discretionary basis.

Item 5 - Fees And Compensation

A. Advisory Fees

Individually Managed Accounts

The type of fee charged for Individually Managed Accounts is determined by whether or not the beneficiary of the Individually Managed Account is a "Qualified Client." As defined in Rule 205-3 under the Investment Adviser Act of 1940, as amended, a "Qualified Client" is an individual or company that immediately after entering into an investment contract has at

least \$1,000,000 under management with the advisory firm or an individual or a company with a net worth (or a joint net worth, in the case of an individual, with assets held jointly with a spouse) of more than \$2,000,000 immediately before entering into the investment contract. The term “net worth” means the fair market value of total assets minus total liabilities. For purposes of calculating a natural person’s net worth the following conditions apply:

- The person’s primary residence will not be included as an asset;
- Indebtedness that is secured by the person’s primary residence (e.g., a mortgage), up to the estimated fair market value of the primary residence at the time the advisory contract is entered into, will not be subtracted as a liability; and
- Indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence at the time the advisory contract is entered into will be subtracted as a liability.

Qualified Clients

For those Individually Managed Accounts held by clients that are Qualified Clients, the client will have the option to select either a fixed management fee or a performance-based fee as follows:

FIXED MANAGEMENT FEE OPTION

The client pays an annual management fee equal to 0.95% of the Account’s value. The management fee is payable quarterly in arrears at a rate equal to 0.238% of the Account’s value at the end of each calendar quarter.

PERFORMANCE-BASED FEE OPTION

The client pays the greater of (a) or (b) below:

(a) A minimum annual management fee equal to the greater of \$3,000 or ½% of the account’s value. The management fee is payable quarterly in arrears (at the rate of the greater of \$750 or 1/8% per quarter) based on the account’s end-of-quarter market value; or

(b) An annual performance fee equal to 11% of the increase in the account’s net market value (before the payment of any minimum management fees) calculated at calendar year end or, in the event the Investment Management Agreement is terminated by either party during a calendar year, as of the date of termination. The increase in net market value includes realized and unrealized gains/losses and interest and dividend income.

Under the Performance-Based Fee Option, if the performance fee exceeds the annualized management fee, the performance fee will be owed, minus the management fees already paid during that calendar year.

Non-Qualified Clients

For those Individually Managed Accounts held by clients that are not Qualified Clients, the client pays a fixed management fee as follows:

FIXED MANAGEMENT FEE

An annual management fee equal to 0.95% of the Account's value. The management fee is payable quarterly in arrears at a rate equal to 0.238% of the Account's value at the end of each calendar quarter.

Modification to Fee Calculation for Individually Managed Accounts

If the first and/or the last fee period that an Individually Managed Account agreement is in effect is less than a full period (e.g. three calendar months in the case of a quarterly fee), the fee for such period will be calculated as of the last day of such period on which the agreement was in effect and prorated by the number of days during the period that the agreement was in effect.

In the case of any fee based upon the value of an Individually Managed Account, in any period during which there was an interim deposit and/or withdrawal (other than withdrawal to pay management fee) by the client to or from the account, the fee schedule shall be applied to the average of the account values determined as of the close of business on the last business day of each month ending during such period.

Private Investment Funds

Private Investment Funds for which Cutler acts as general partner are charged an annual fee as follows:

Cutler Investment Fund, L.P.

Investors in the Cutler Investment Fund, L.P. are charged a management fee and a performance allocation:

MANAGEMENT FEE

As a quarterly management fee, payable in arrears, equal to 0.125% of the end-of-quarter net asset value of the investor's capital account, which, on an annualized basis, equals 0.50% of the average end-of-quarter net asset value of the investor's capital account for the annual reporting period; and

PERFORMANCE ALLOCATION

As an annual incentive performance allocation equal to 11% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs) less quarterly management fees paid during the year. The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Cutler Income & Growth Fund I, L.P.

Investors in Cutler Income & Growth Fund, L.P. are charged a quarterly management fee, in arrears, equal to 0.238% of the end-of-quarter net asset value of each investor's capital account, which, on an annualized basis, equals 0.95% of the average end-of-quarter net asset value of the investor's capital account for the annual reporting period.

B. Payment Method

Individually Managed Account Fees

At the end of every fee period, an Individually Managed Account client pays Cutler the applicable fee for that period upon the client's receipt of Cutler's bill. At the election of Cutler, the fee may be paid in whole or in part by Cutler's withdrawal of such amount directly from the client's account, with any balance billed by Cutler to the client and payable upon receipt of such billing. Clients are required to authorize each custodian for their accounts to honor Cutler's written request for such direct fee payments, a copy of which written request will be sent by Cutler to the client. Clients can choose to be billed rather than have fees deducted.

Private Investment Funds

Management fees and performance allocations, if any, are allocated to Cutler directly from the assets of the applicable private investment fund.

C. Additional Fees and Expenses

Trading Costs

Clients pay commissions and trading costs directly from the assets (cash account) within the client account held by the custodian. Trading costs are passed along at net cost as there is no mark-up by Cutler. Trading costs are deducted before the management fee or the performance fee or allocation, as the case may be, is calculated. Please see the section entitled "Brokerage Practices" beginning on page 18 of this disclosure brochure for additional information on brokerage and other transaction costs.

Professional Fees

Fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Accordingly, the fees of any additional professionals engaged by a client, will be billed directly by such professional(s).

D. Termination and Refunds

The investment management agreement entered into with Individually Managed Account clients may be terminated by either the client or Cutler by providing written notice to the other party. Withdrawals by investors in Private Investment Funds managed by Cutler are governed by the terms of the offering documents of the individual Private Investment Fund.

E. Important Additional Fee Information

Fees Negotiable

Cutler retains the right to modify fees, including minimum account size, in its sole and absolute discretion, on a client-by-client basis. Factors considered include the complexity and nature of the advisory services provided, whether the client was referred by another investment manager, anticipated amount of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account

composition. The specific fee schedule is identified in the advisory agreement entered into with the client.

Performance Fee Limitations

If net asset value of an Individually Managed Account or a Private Investment Fund decreases for the year, or the amount of the management fee exceeds the performance fee or allocation, as the case may be, Cutler will earn no performance fee or allocation for that year.

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

As stated in the “Fees and Compensation” section on page 4 of this disclosure brochure, under certain circumstances Cutler manages client accounts where it is eligible to receive a performance-based fee (*e.g.*, for its management of the Individually Managed Accounts) or a performance-based allocation (*e.g.*, for its management of the Private Investment Funds). In addition, Cutler may manage client accounts where it is not eligible to receive performance-based compensation for its advisory services either because the account holder is not a Qualified Client (and thus not permitted to be charged a performance-based fee) or because under the terms of the applicable agreement, Cutler did not earn the performance-based fee or performance-based allocation (in which case only a management fee would then be charged).

Conflicts of Interest

Situations – such as those described above - where Cutler manages both accounts that pay performance-based compensation and accounts that do not pay performance-based compensation gives rise to certain conflicts of interest that have the potential to motivate Cutler to favor its performance-based account clients over other clients. For example, performance-based fees, are typically significantly higher than the asset-based fees paid on traditional accounts. In the case of private investment funds, many investment advisers, including Cutler and its related persons, have significant investments in the funds that they manage. As a result, Cutler has additional incentives to favor the performance-based clients over other clients by allocating investment opportunities to the performance-based accounts. Finally, because performance-based compensation is not paid unless Cutler achieves a certain level of performance, the above described performance fee or allocation arrangement may create an incentive for Cutler to make investments that are more risky or more speculative than might be the case in the absence of a fee or allocation based on performance.

Cutler is aware of these conflicts of interest and has order allocation procedures to ensure that clients are treated fairly.

Item 7 - Types of Clients

Cutler provides investment advisory services to private investment funds organized as pooled investment vehicles (commonly known as “hedge funds”), individuals (including high net worth individuals), profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

Engaging the Services of Cutler

Individually Management Accounts

All Individually Managed Account clients, must, in addition to completing Cutler's internal documents (e.g., applicable investment advisory agreement, risk questionnaire), complete certain broker-dealer/custodial documentation. Upon completion of these documents, Cutler will be considered engaged by the client. Clients will be responsible for ensuring that Cutler is informed in a timely manner of changes in investment objectives and risk tolerance.

Private Investment Funds

Investors in Private Investment Funds managed by Cutler will be required to complete a subscription agreement (including an investor questionnaire to determine their eligibility for investment in the fund) and become a party to the operating agreement that governs the operation of the applicable Private Investment Fund.

Conditions for Managing Accounts

Individually Managed Accounts

Cutler has a standardized minimum portfolio size for all clients of \$1,000,000 ; provided, however, that Cutler will not manage a client's account unless the value of the account assets is sufficiently large enough to enable Cutler to meet the client's investment objectives. Accounts of less than \$1,000,000 may be set up when the client and Cutler anticipate the client will add additional funds to the accounts bringing the total to \$1,000,000 within a reasonable time or to accommodate IRA, related accounts or other circumstances.

Private Investment Funds

The minimum initial investment in Private Investment Funds managed by Cutler vary depending on the particular fund.

The minimum initial investment in the Cutler Investment Fund, L.P. and the Cutler Income & Growth Fund I, L.P. is \$250,000. The minimum initial investments in the Private Investment Funds may be waived at the sole discretion of Cutler.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

The security analysis methods employed by Cutler are fundamental and technical analysis.

Fundamental Analysis

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study the overall economy and industry conditions, the financial condition of a company, details regarding the company's product line, and the experience and expertise of the company's management. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Technical Analysis

Technical analysis involves the examination of past market data rather than specific company data in determining which securities to buy/sell. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of a company. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, among many others. These trends, both short and long-term, are used for determining specific trade entry and exit points and broad economic analysis.

Investment Strategies and Objectives

In General

Cutler may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing.

Private Investment Funds

For Private Investment Funds managed by Cutler, the investment strategy and objective will vary depending on the fund:

Cutler Investment Fund, L.P.

The investment objective of the Cutler Investment Fund, L.P. ("CIF") is to provide investors with attractive total returns in all market conditions through capital appreciation and current income. CIF expects to invest primarily in a diversified portfolio of securities convertible into common stock and issued by both domestic and foreign companies. As part of its investment strategy, CIF may have concentrated exposure to REITS and/or financial service sectors. CIF may invest in other types of securities, including investing directly in debt securities and common stocks, particularly dividend paying stocks, and may use a variety of investment techniques to generate profit and/or control risk, including convertible arbitrage, short selling, options and leverage. Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CIF's investment strategy are more fully described in the offering documentation for the fund.

Cutler Income & Growth Fund I, L.P.

The investment objective of the Cutler Income & Growth Fund I, L.P. ("CIG") is to provide investors with current income and capital appreciation. CIG expects to invest primarily in a diversified portfolio of securities convertible into common stock and issued by both domestic and foreign companies. As part of its investment strategy, CIG may have concentrated exposure to REITS and/or financial service sectors. CIG will not use leverage as part of its investment strategy (which is the primary difference between the Cutler Investment Fund, L.P. and the Cutler Income & Growth Fund I, L.P.). Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CIG's investment strategy are more fully described in the offering documentation for the fund.

Types of Investments

In addition to convertible securities, real estate investment trusts (REITs) and dividend-paying stocks, Cutler may also offer advice on private equity investments, including venture capital partnerships.

Sources of Information

In conducting security analysis, Cutler may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, inspection of corporate activities, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases. In addition, when deemed necessary or advantageous, Cutler will conduct interviews with a company's executive management and/or make on-site visits. Cutler also purchases research from firms specializing in either equity or debt analysis and valuation.

Investing Involves Risk

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

- *Market Risk.* The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.
- *Management Risk.* A client's portfolio is subject to management risk because it is actively managed by Cutler's investment professionals. Cutler will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and Cutler's judgment will produce the intended results.
- *Quantitative Tools Risk.* Some of Cutler's investment techniques may incorporate, or rely upon, quantitative models. There is no guarantee that these models will generate accurate forecasts, reduce risks or otherwise produce the intended results.
- *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- *Credit Risk.* An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- *Allocation Risk.* The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is

performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.

- *Foreign (Non-U.S.) Risk.* A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- *Emerging Markets Risk.* Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- *Currency Risk.* Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Derivatives Risk.* Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.
- *Capitalization Risk.* Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- *Liquidity Risk.* Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing Cutler from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.
- *Issuer Specific Risk.* The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Concentrated Portfolios Risk.* Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.

- *Legal or Legislative Risk.* Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

B. Risks Associated with Investment Strategies and Methods of Analysis

The analysis of securities requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment.

Cutler's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Cutler is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

Fundamental Analysis

Fundamental analysis, when used in isolation, has a number of risks:

- 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.
- The data used may be out of date.
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- The market may fail to reach expectations of perceived value.

Technical Analysis

The primary risk in using technical analysis is that spotting historical trends may not help predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Cutler will be able to accurately predict such a reoccurrence.

C. Risks Associated with Specific Securities Utilized

Preferred Stocks

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

Convertible Securities

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value.”

The investment value of a convertible security is influenced by changes in interest rates, the credit standing of the issuer and other factors. The conversion value of a convertible security is determined by the market price of the underlying common stock. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. A convertible security will generally be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a partnership managed by Cutler is called for redemption, the partnership will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the partnership’s ability to achieve its investment objective.

Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option’s life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Private Investment Funds

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the fund’s offering documents, which will be provided to each investor for review and consideration. Each prospective investor will be

required to complete a subscription agreement, pursuant to which the investor shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Real Estate Related Securities

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation, possible lack of availability of mortgage funds, overbuilding, extending vacancies of properties, increases in competition, property taxes and operating expenses, changes in zoning laws, costs resulting from clean up of, and liability to third-parties for damages resulting from, environmental problems, casualty and condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rents and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in real estate in general. REITs are dependent upon the skills of management, are not diversified and are subject to cash flow dependency, default by borrowers and self-liquidation.

Alternative Investments

The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

Private Equity Funds

Private Equity Funds may be affected by various forms of risk, including:

- *Long-term Investment.* Unlike mutual funds, which generally invest in publicly traded securities that are relatively liquid, private equity funds generally invest in large amounts of illiquid securities from private companies. Depending on the strategy used, private real estate funds will have illiquid underlying investments that may not be easily sold, and investors may have to wait for improvements or development before any redemption. Given the illiquid nature of the underlying purchases made by private equity and private real estate managers, private equity and private real estate funds are considered long-term investments. Private equity funds are generally set up as 10- to 15-year investments with little or no provision for investor redemptions. Private real estate funds are generally seven- to ten-year investments and also have limited provisions for redemptions. With long-term investments, you should consider your financial ability to bear large fluctuations in value and hold these investments over a number of years.
- *Difficult Valuation Assessment.* The portfolio holdings in private equity and private real estate funds may be difficult to value, because they are not usually quoted or traded on any financial market or exchange. As such, no easily available market prices for most of a fund's holdings are available. Additionally, it may be hard to quantify the impact a manager has had on underlying investments until those investments are sold.

- *Lack of Liquidity.* Private equity and private real estate funds are not “liquid” (they can’t be sold or exchanged for cash quickly or easily), and the interests are typically non-transferable without the consent of a fund’s managing member. As a result, private equity and private real estate funds are generally only suitable for sophisticated investors who have carefully considered their financial capability to hold these investments for the long term.
- *Capital Call Default Consequences.* Answering capital calls to provide managers with the pledged capital is a contractual obligation of each investor. Failure to meet this requirement in a timely manner could elicit significant adverse consequences, including, without limitation, the forfeiture of the defaulting investor’s interest in the fund.
- *Leverage.* Private equity and private real estate funds may use leverage in connection with certain investments or participate in investments with highly leveraged capital structures. Although the use of leverage may enhance returns and increase the number of investments that can be made, leverage also involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the assets underlying such investments.
- *Lack of Transparency.* Private equity and private real estate funds are not required to provide investors with information about their underlying holdings or provide periodic pricing and valuation information. Therefore, you are often putting your complete trust in the managers’ abilities to meet their funds’ objectives, without the benefit of knowing their investment selections. This lack of information may make it more difficult for investors to evaluate the risks associated with the funds.
- *Manager Risk.* Private equity and private real estate fund managers have total investment authority over their funds, and the managers’ skill is normally responsible for the investment returns. Therefore, if the founder or key person departs, the returns of the fund may be impacted. Investors have no control or influence in the management of the fund, although they will receive periodic reports from the fund manager. Also, your investment in one fund that uses a generally similar investment strategy as another fund could lessen your overall diversification, and consequently, increase your investment risk.
- *Regulation.* Private equity and private real estate funds are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer fewer legal protections than you would have if you invested in more traditional investments.

Note that there may be other circumstances not described here that could adversely affect a client’s investment and prevent their portfolio from reaching its objective.

Cash Management

Cutler is required to disclose any legal or disciplinary events that are material to a client’s or a prospective client’s evaluation of the firm’s advisory business or the integrity of Cutler’s management. When a client portfolio has cash a suitable money market fund is selected from a list of funds provided by Cutler’s custodian. Suitability is based on clients tax status and risk tolerance.

Item 9 - Disciplinary History

Neither Cutler nor any of its supervised persons have any reportable disciplinary history.

Item 10 - Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration and Registered Representatives

Cutler is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

B. Futures and Commodity Registration

Cutler is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

C. Financial Industry Affiliations

Cutler is the general partner of the Cutler Investment Fund, L.P., a private investment fund organized as a pooled investment vehicle. Cutler Investment Fund, L.P. is the successor to the Cutler Investment Fund, LLC. Cutler is also the general partner of the Cutler Income & Growth Fund I, L.P., a private investment fund organized as a pooled investment vehicle.

Please see the section entitled “Investment Strategies and Objectives” on page 9 of this disclosure brochure for the types of investments made by the Cutler Investment Fund, L.P. and the Cutler Income & Growth Fund I, L.P.

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

Code of Ethics

Cutler has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Cutler owes a fiduciary duty to its clients. Accordingly, Cutler expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All officers, directors, partners and employees of Cutler and any other person who provides advice on behalf of Cutler and is subject to Cutler’s control and supervision are required to adhere to the Code of Ethics. At all times, Cutler and its employees must (i) place client interests ahead of Cutler’s; (ii) engage in personal investing that is in full compliance with the Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Cutler’s Code of Ethics by contacting David N. Grenier, President of Cutler, at 508-757-4455.

Prohibition on Use of Insider Information

Cutler has also adopted policies and procedures to prevent the misuse of “insider” information. A copy of Cutler’s Insider Trading policies and procedures is available to any

client or prospective client upon request. For a copy of Cutler's Insider Trading policies and procedures, please contact David N. Grenier, President of Cutler, at 508-757-4455.

Participation or Interest in Client Transactions

Cutler may purchase or sell for a client, portfolio securities or investment products in which Cutler or its related personnel have a material financial interest.

As the general partner of the Private Investment Funds, Cutler maintains a capital account in each of the Private Investment Funds and therefore, receives allocations of net profits (or losses). Cutler employees and members of their families have also invested in the one or more of the Private Investment Funds. In order to create a strong congruity of interest between the management of the Private Investment Funds and its investors, all investment professionals employed by Cutler are encouraged to invest in the Private Investment Funds.

Cutler may purchase or sell securities in client accounts managed by Cutler when the same securities are held by a Cutler employee individually or in a corporate profit sharing plan.

To minimize conflicts of interest, and to maintain the fiduciary responsibility Cutler has for its clients, Cutler has established the following policy: An officer, manager, or employee of Cutler is not permitted to buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with Cutler, unless the information is also available to the investing public on reasonable inquiry. No person associated with Cutler shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. Cutler personnel may not anticipate trades to be placed for clients. Cutler monitors employee personal and proprietary trading activity. This activity is reviewed at least quarterly to ensure compliance with internal control policies and procedures.

Additional Information

At times, Cutler or its related persons may purchase securities that it deems appropriate only for its or their own account. Based on the experience of Cutler or its related persons holding the securities and on further research and due diligence, Cutler may at a later time purchase such securities for client accounts at prices which might be higher or lower than those originally paid.

Item 12 - Brokerage Practices

A. Brokerage Selection

Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

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 among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Cutler will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

For fixed income securities, Cutler attempts to obtain best execution for the volume of bonds sought by speaking with more than one broker and comparing pricing and transactions costs.

Broker Analysis

Cutler evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Cutler.

Cutler's Investment Team is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Cutler periodically reviews its transaction costs in light of current market circumstances and other relevant information.

Research/Soft Dollar Benefits

Research or investment-management-related services provided by brokers through which portfolio transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services providing lawful and appropriate assistance to Cutler in the performance of its investment decision-making responsibilities (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by Cutler with soft-dollar credits provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for Cutler because it has not been identified as providing soft dollar items.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), permits the use of soft dollar items in certain circumstances, provided that Cutler does not pay a rate of commissions in excess of what is competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Non-research products and "soft dollars" which are not generated through agency transactions in securities are outside the parameters of Section 28(e)'s "safe harbor."

Cutler may, from time to time, use soft dollars to pay some or all of the costs of research and brokerage services; provided, however, that (a) any research obtained is (i) related to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities or (ii) consists of reports

and analyses concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts and (b) any brokerage services obtained are related to effecting securities transactions or functions incidental to effecting securities transactions such as clearance, settlement and custody.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of Cutler and its affiliates' other accounts. Cutler may from time to time use soft dollars to acquire soft dollar items that Cutler or its affiliates would otherwise be obligated to provide, or acquire at their own expense. Nonetheless, Cutler believes that such soft dollar items may provide private investment funds managed by Cutler and its separately managed accounts with benefits by supplementing the research and services otherwise available to Cutler.

While as a fiduciary Cutler endeavors to act in its clients' best interests, Cutler's use of these broker-dealers may be based in part on the benefit to Cutler of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest.

B. Trade Aggregation/Allocation

It is the objective of Cutler to provide a means of allocating trading and investment opportunities between clients on a fair and equitable basis and in compliance with applicable SEC guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, Cutler may often seek to purchase or sell a particular security in each account. Cutler will aggregate orders when the portfolio manager and trader believe that such aggregation is consistent with Cutler's duty to seek best execution and is consistent with the investment objective of each client. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the account's order size. Prior to purchasing or selling a security, Cutler will identify a "target position" based on each client's total assets, for each account participating in the aggregated order. For accounts that are managed with similar investment objectives and policies, Cutler generally set a similar target position for each account, adjusted however, for the amount of assets in the each such account. Cutler's books and records will separately reflect, for each client account, the orders that were aggregated, the securities held by, and bought and sold for, that account.

Any exceptions to Cutler's pro rata allocation methodology must be determined to be consistent with Cutler's duty to provide its clients with fair and equitable treatment in allocating trades and investment opportunities. Such determination will be documented. Examples of circumstances that may provide cause for an exception from the pro rata allocation include, but are not limited to:

- Order size. In circumstances where an order is only partially filled, the actual amount of securities may be too small to allocate among all of the participants (e.g., allocation would result in an undesirably small position for an account).
- Account-Specific Restrictions. Certain accounts are restricted from owning certain securities or entering into transactions with certain affiliated entities, and thus would not participate in certain transactions.

In the event that pro rating the allocation would not be fair, Cutler will follow the following guidelines:

- Client(s) without a current position in the security may receive the entire or partial allocation, (Cutler will seek to pro-rate the allocation if more than one client's portfolio is without the current position and pro-rating yields a fair result).
- Client(s) having the lowest % of the security, relative to the portfolio manager's target level for that security, may receive the entire or partial allocation.
- The executed quantity fills one client's entire allocation then that account receives the shares.
- Clients with the highest % in cash may be allocated the entire or partial allocation.
- Clients with the lowest % of assets of that industry may be allocated the entire or partial allocation.

Item 13 - Review Of Accounts

While the underlying securities within client accounts are continuously monitored, accounts are reviewed no less frequently than annually.

Melvin S. Cutler, Chief Investment Officer, David N. Grenier, President, Paul Bucci, Portfolio Manager and Geoffrey Dancey, Portfolio Manager and Securities Analyst, are the only reviewers of client accounts.

Cutler provides each Individually Managed Account client and investor in a Private Investment Fund managed by Cutler, a letter quarterly indicating the performance of their account (or combined accounts) on a year-to-date basis (after management fees). Performance for the period is compared to one or two major indices. In addition, the quarterly communication includes brief remarks regarding the investing environment and administrative information, including quarterly fees.

Upon request, clients are able to receive more detailed portfolio reports. Custodians provide clients account statements monthly and trade confirmation slips for each trade. Clients are urged to compare the account statement provided by the broker-dealer/custodian with those provided by Cutler. In addition, many clients arrange with the custodian to view their accounts as frequently as desired via the internet.

Item 14 - Client Referrals And Other Compensation

Cutler as Solicitor

Cutler does not receive any economic benefit from non-clients for the provision of investment advice to its clients.

Cutler Retaining Solicitors

From time to time, Cutler may retain solicitors to refer clients to Cutler. If a client is introduced to Cutler by either an unaffiliated or an affiliated solicitor, Cutler 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 Cutler's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Cutler by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy this written disclosure brochure together with a copy of the written disclosure statement from the

solicitor to the client disclosing the terms of the solicitation arrangement between Cutler and the solicitor, including the compensation to be received by the solicitor from Cutler. Any affiliated solicitor of Cutler shall disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this written disclosure brochure.

Item 15 - Custody

Cutler is deemed to have custody because (i) Cutler is permitted to deduct its fees directly from clients' Individually Managed Accounts and (ii) Cutler serves as general partner to private investment funds organized as pooled investment vehicles.

Individually Managed Accounts

Custody of Individually Managed Account client assets will be maintained with a qualified custodian. Cutler will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Cutler to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to compare the account statement provided by the broker-dealer/custodian with any statements provided by Cutler.

Private Investment Funds

Investors in private investment funds in which Cutler serves as investment manager will receive the following: (i) annual audited financial statements of the fund audited by an independent certified public accounting firm, (ii) a quarterly letter from discussing the results of the fund for the quarter just ended, (iii) an annual letter discussing the results of the fund for the year just ended, and (iv) copies of such investor's Schedule K-1 to the fund's tax return.

Item 16 - Investment Discretion

Individually Managed Accounts

Cutler requires that it be provided with written discretionary authority (e.g., limited power of attorney contained in Cutler's Investment Management Agreement) to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account; (2) the total amount of securities to be bought and sold; (3) selecting the broker or dealer with whom orders for the purchase or sale of securities are placed for execution, unless specifically instructed to the contrary through the investment management agreement or investment policy statement; and (4) the prices and commission rates at which securities transactions are effected. Cutler's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Cutler and the client and set forth in writing in the investment management agreement or investment policy statement.

Private Investment Funds

As general partner of the Private Investment Funds, Cutler is solely responsible for researching, selecting and monitoring investments and in making decisions on when and how much to invest with or withdraw from a particular investment. Limited partners in private investment funds organized as limited partnerships do not have any right to participate in management or in making investment decisions. In addition, Cutler has authority to select the broker or dealer with whom orders for the purchase or sale of securities for the funds are placed for execution. Cutler also has the authority to determine the prices and commission rates at which securities transactions for the funds are effected.

Item 17 - Voting Client Securities

Proxy Voting

Cutler does not vote proxies on behalf of its Individually Managed Account clients. Therefore, although Cutler may provide investment advisory services relative to client investment assets, it is the client that maintains 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 proceeding or other type events pertaining to the client's investment assets. Cutler and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact David N. Grenier, President of Cutler, at 508-757-4455 if they have questions regarding a particular solicitation.

Class Action Settlements

Although Cutler has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

Item 18 - Financial Information

A. Prepayment of Fees

Because Cutler does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Cutler is not required include a balance sheet with this disclosure brochure.

B. Financial Condition

Cutler does not have any adverse financial conditions to disclose.

C. Bankruptcy

Cutler has never been the subject of a bankruptcy petition.

Item 19 - Additional Information**Privacy Notice**

Cutler views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Cutler does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Cutler may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Cutler restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Cutler. As emphasized above, it has always been and will always be Cutler's policy never to sell information about current or former clients or their accounts to anyone. It is also Cutler's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Cutler's Privacy Policy, please contact David N. Grenier, President of Cutler, at 508-757-4455.

Requests for Additional Information

Clients may contact David N. Grenier, President of Cutler, at 508-757-4455 to request additional information or to submit a complaint. Written complaints should be sent to Cutler Capital Management, LLC, 306 Main Street, 2nd Floor, Worcester, MA 01608-1518.