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## PART 2A OF FORM ADV: FIRM BROCHURE



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Date of Brochure: 03/01/2014

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF QUADRANT CAPITAL MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 973-276-0830 OR [JKEARNEY@QCM.US](mailto:jkearney@qcm.us). 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 QUADRANT CAPITAL MANAGEMENT, LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV). YOU CAN SEARCH THIS SITE BY A UNIQUE IDENTIFYING NUMBER, KNOWN AS A CRD NUMBER. OUR FIRM'S CRD NUMBER IS 109952.

REGISTRATION AS AN INVESTMENT ADVISER, OR ANY REFERENCE TO THE FIRM BEING OR THE USE OF THE TERM "REGISTERED", "REGISTRATION" OR "REGISTERED INVESTMENT ADVISER" DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

The U.S. Securities and Exchange Commission ("SEC") adopted "Amendments to Form ADV" in July, 2010. In response to the revised rule, we adopted our new form of disclosure brochure. This Firm Brochure ("Brochure"), dated 03/01/2014, is a revised form of our disclosure document prepared in connection with the filing of our annual updating amendment.

The following items in this brochure have been updated; Assets Under Management (Item 4).

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, which is December 31st. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Quadrant Capital Management, LLC ("Quadrant") is a SEC-registered investment adviser with its principal place of business located at 100 Passaic Avenue, Suite 301, Fairfield, New Jersey. We began conducting business in 2001. Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- James Edward Kearney, Member, Managing Director and Chief Compliance Officer
- Jeffrey Fisher, Member and Managing Director

We offer the following advisory services that are tailored to your individual needs:

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to you regarding the investment of your funds based on your individual needs. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop your personal investment strategy and create and manage a portfolio based on that strategy. During our data-gathering process, we identify your resources, determine your individual objectives, time horizons, risk tolerance, and liquidity needs. As part of this process, we also review and discuss your prior investment history.

Generally, we manage these advisory accounts on a discretionary basis, although periodically we may manage them on a non-discretionary basis. Account supervision is guided by your stated objectives (e.g., capital appreciation, current income and capital preservation), as well as tax considerations.

While we have discretion over your portfolio, from time to time, you may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investments are not limited to any specific product or service offered. In connection with providing our investment supervisory services to you, we utilize the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in publicly traded partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with your stated investment objectives, tolerance for risk, liquidity and suitability.

#### **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is the development and implementation of a coordinated plan for the achievement of your overall financial goals and objectives. It is a deliberate and continuing process by which a sufficient amount of capital is accumulated and conserved and adequate levels

of income are attained to accomplish such goals. If you opt for this service, you will receive a written plan which provides you with a detailed financial plan designed to help you achieve your financial goals and objectives.

In general, financial planning involves an integrated analysis of five primary planning issues:

1. Cash Flow and Insurance Planning
2. Investment Planning
3. Income Tax Planning
4. Retirement Planning
5. Estate Planning

We adhere to a six-step financial planning process:

1. Establish financial goals and objectives
2. Gather data
3. Process and analyze information
4. Recommend a comprehensive plan
5. Implement the plan
6. Monitor the plan

We gather required information through in-depth personal interviews with you. Information gathered includes your current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by you, including a questionnaire completed by you, and prepare a written plan. Should you choose to implement the recommendations contained in the plan, we suggest you work closely with your attorney, accountant, insurance agent, and/or other professional. Implementation of financial plan recommendations is entirely at your discretion. We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Our financial planning analysis is also used in determining an investment strategy, including strategic asset allocation.

Typically the financial plan is presented to the you within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. With regards to the actual reports we provide to you, the analysis is based on information that you provide. The assumptions and projections in the plan are estimates and are meant to serve solely as a guideline. If any of the assumptions used in the plan are not realized, then the projections will be inaccurate. The plan does not offer legal or tax advice and should be reviewed by your legal and tax advisors before any action is taken. Past investment performance is not indicative of future investment results. Financial Planning recommendations are not limited to any specific product or service. All recommendations are of a generic nature.

Most importantly, we advise you that while we provide financial planning services, we are not attorneys, accountants, or licensed insurance agents. You are advised to meet with your attorney, accountant, licensed insurance agent, or any other relevant professional, to discuss any suggestions we offer, to obtain legal and tax advice, and to have any necessary legal documents drafted or amended, including the preparation of your tax return. All of our recommendations are intended for discussion purposes only and cannot be the basis of any specific planning decisions.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2013, we were actively managing \$332,581,869 of clients' assets on a discretionary basis, plus \$2,649,265 on a non-discretionary basis, for a total of \$335,231,134.

## INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

| Assets Under Management        | Annual Fee |
|--------------------------------|------------|
| First \$0 - \$2,000,000        | 1.00%      |
| Next \$2,000,001 - \$5,000,000 | 0.75%      |
| Over \$5,000,000               | 0.50%      |

Our fees are deducted from your account by your custodian in arrears at the beginning of each calendar quarter based upon the market value, or fair market value in the absence of market value, of your account at the end of the previous quarter. Fees will be debited from the account in accordance with your written authorization, and may not be paid directly to us.

A minimum of \$1,000,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. We group your accounts for the purposes of achieving the minimum account size and determining the annualized fee. Fees are debited on a pro rata basis, unless you specify a particular account(s) that you would like to have them debited from.

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of employees of our firm.

## FINANCIAL PLANNING FEES

We do not charge a separate fee for financial planning services, as any such services are available as part of the above mentioned Investment Supervisory Services.

Should an Investment Supervisory Services client elect not to receive our financial planning services, we will not discount or refund any portion of its Individual Portfolio Management fee schedule.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason, upon receipt of 30 days written notice. In the event of you terminate our relationship, we will have no further obligation to you from and after the effective date of such termination.

**Mutual Fund Fees:** All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchanged traded fund ("ETF") to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. You could invest in a mutual fund directly, without

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#### ITEM 5 FEES AND COMPENSATION

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our services. In that case, you would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are consistent with your financial condition and investment objectives. Accordingly, you should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by you as well as the other expenses and costs that you will incur, some of which are also described in this Brochure and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, you are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for you account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to our minimum account requirements and advisory fees in effect at the time you entered into the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

**Advisory Fees in General:** You should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered. We do not require payment of fees in advance.

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

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We do not charge performance-based fees.

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#### ITEM 7 TYPES OF CLIENTS

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We provide advisory services to the following types of clients:

- High net worth individuals
- Individuals (other than high net worth individuals)
- Charitable organizations
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in the discussion about our services. In order to establish an account with us, you are required to sign our investment advisory agreement.

## METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing your assets:

**Asset Allocation:** Before focusing on securities selection, we attempt to identify an appropriate ratio of asset classes and securities (e.g. stocks, bonds, and cash) suitable to your investment goals and risk tolerance.

We refer to your targeted asset allocation as your strategic asset allocation. Periodically we will make intentional tactical departures where we see opportunities or risks. We refer to that as tactical asset allocation.

A risk of asset allocation is that you may not fully realize the performance gains in your portfolio that equal the gains of any particular security, industry or market sector.

Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for your goals. Tactical allocation increases these risks.

**Charting:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund Analysis:** We look at the experience and track record of the manager of the mutual fund in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in your portfolio. We also monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by you may purchase the same security, increasing the risk to you if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for your portfolio.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.



**Risks for All Forms of Analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing your portfolio, provided that such strategy(ies) are appropriate your needs and consistent with your investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for that asset class.

A risk in a long-term purchase strategy is that by holding the security for a lengthy period of time, we may not take advantage of short-term gains that could be profitable to you. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell and therefore includes the risk of a permanent loss of principal.

**Short-Term Purchases:** On a very limited basis, we may make short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk of this strategy is that it may not succeed in generating profits of securities purchased for short-term appreciation fall in value.

**Margin Transactions:** On a very limited basis, we may purchase securities on margin with your authorization. In such cases, we may purchase securities in your portfolio with money borrowed from your brokerage account. This allows you to purchase more securities than you would be able to with your available cash, and without having to sell other securities.

A risk with margin transactions is that you may be subject to what is referred to as a "margin call", which may occur when the overall value of the portfolio has declined to a point that you either have to provide additional principal to your portfolio, or sell existing securities to cover the decline. Furthermore, the use of margin may amplify losses on securities in your portfolio.

**Option Writing:** On a very limited basis, we may purchase options with your authorization. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.

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

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- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

Options may involve a higher level of risk than more traditional securities, and may result in the permanent loss of principal, including the total value of the option in certain situations.

#### **RISK OF LOSS**

All methods of analysis and investment strategies involve the risk of principal loss that you should be prepared to bear. Portfolio results/returns are not guaranteed, and past performance is not indicative of future performance.

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#### ITEM 9 DISCIPLINARY INFORMATION

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Our firm and our management personnel have no reportable disciplinary events to disclose.

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#### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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Our firm and our employees are not engaged in other financial industry activities and have no other industry affiliations.

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

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Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including complying with applicable federal and state securities laws.

Quadrant and our employees owe a duty of loyalty, fairness and good faith towards you, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's employees. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available upon request to our advisory clients and prospective clients. You may request a copy by email sent to [jkearney@qcm.us](mailto:jkearney@qcm.us), or by calling us at 973-276-0830.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in your best interest and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to you. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to you. Additionally, our firm or individuals associated with our firm may buy or sell securities, at or around the same time as those securities are recommended or transacted for you.

It is the expressed policy of our firm that no associated person of the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, as such actions risk that the associated person could benefit from the transactions placed on behalf of the advisory accounts. Notwithstanding, the firm's principals may participate in the purchase or sale of securities in their own account at the same time as the purchase or sale of the identical security in your account.

Those trading activities (i.e., firm personnel trading in the same securities as client accounts, and firm personnel trading in the same securities as client accounts at or about the same time as in the client account) may create a conflict of interest for the firm and the firm's personnel, in that it is generally possible for such trading result in a financial benefit to the firm's personnel. However, the firm believes that those conflicts of interest have been addressed by its personal securities transaction policy that is intended to monitor the personal securities transactions and holdings of the firm's associated persons.

We have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above your interest.
2. No principal or employee of our firm may buy or sell securities for their personal account(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person associated with the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such persons from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any Initial Public Offering ("IPO") or private placement investments by persons associated with the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.

9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

10. Any individual who violates any of the above restrictions may be subject to termination.

11. We may aggregate our associated person's trades with your transactions where possible and when compliant with our duty to seek best execution for you. In these instances, participating clients will receive an average share price. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account paying the average price. Our associated person's accounts will be included in the pro rata allocation.

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ITEM 12 BROKERAGE PRACTICES

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Soft dollars is a term used in finance to describe the commission generated from a trade or other financial transaction between you and an investment manager. A soft dollar arrangement is one in which the investment manager directs the commission generated by the transaction towards a third party or in-house party in exchange for services that are for your benefit but are not directed by you.

We do not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

We require that you provide us with written authority to determine the broker-dealer to use.

Generally, we manage advisory accounts on a discretionary basis, although periodically we may manage advisory accounts on a non-discretionary basis. You must include any restrictions on this discretionary authority in writing. You may change/amend these restrictions as required. Such amendments must be provided to us in writing.

We will block trades where possible and when advantageous to you. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker. Our block trading policy and procedures are as follows:

1. Transactions for any of your accounts may not be aggregated for execution if the practice is prohibited by or inconsistent with your investment advisory agreement with us, or our firm's block trading policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for you and consistent with your investment objectives and with any investment guidelines or restrictions applicable to your account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order.

This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4. Prior to entry of an aggregated order, we identify each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other statement of allocation.

Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. Transaction costs will be based on the client's agreement with their custodian.

7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, an explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8. Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9. Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10. No client or account will be favored over another.

We require that you establish brokerage accounts with either Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"), or National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") to maintain custody of your assets and to effect trades for their accounts.

#### **Charles Schwab & Co., Inc. ("Schwab")**

Schwab is a FINRA registered broker-dealer and a member of SIPC. Although we recommend that you establish accounts at Schwab, it is your decision to custody assets with Schwab. We are independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, record keeping and client reporting.

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

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our employees. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### **National Financial Services, LLC and Fidelity Brokerage Services, LLC ("Fidelity")**

National Financial Services, LLC and Fidelity Brokerage Services, LLC (together with all affiliates, "Fidelity"), is a FINRA registered broker-dealer and a member of SIPC. Although we recommend you establish accounts at Fidelity, it is your decision to custody assets with Fidelity. We are independently owned and operated and not affiliated with Fidelity.

We have an arrangement with Fidelity through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like us in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Quadrant to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. These research and brokerage services presently include services such as:



- access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts;
- assist with back-office functions, record keeping and client reporting;

and are used by our firm to manage accounts for which we have investment discretion.

We may also receive additional services which may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of our clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

When we receive a benefit from a broker-dealer or custodian, we do not have to pay for that benefit. We arguably would have an incentive to select or recommend a broker-dealer or custodian based on our interest in receiving the benefit(s), rather than on your interest in receiving most favorable execution. However, we feel that we have addressed this conflict because you do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer or custodian as result of our receipt of such benefit(s). There is no corresponding commitment made by us to any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of us receiving these benefits. Further, and most importantly, the benefits received are available to any investment manager executing securities transactions through the broker-dealer, regardless of the volume of execution.

### INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

**Reviews:** While the underlying securities within Individual Portfolio Management Services accounts are continuously monitored, these accounts are reviewed periodically on at least a quarterly basis. Accounts are reviewed in the context of your stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: James E. Kearney, Member, Managing Director, and Chief Compliance Officer or Jeffrey Fisher, Member and Managing Director.

**Reports:** In addition to the monthly statements and confirmations of transactions that you receive from their custodian, we provide written quarterly reports summarizing account performance, balances and holdings.

### FINANCIAL PLANNING SERVICES

**Reviews:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically a review will be conducted annually for Financial Planning clients.

These plans are reviewed by: James E. Kearney, Member, Managing Director, and Chief Compliance Officer or Jeffrey Fisher, Member and Managing Director.

**Reports:** Financial Planning clients will receive a written completed financial plan upon their initial engagement. Additional reports may be provided according to each clients' individual circumstances.

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our related persons to accept any form of cash compensation, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to you.

Please also see the discussion in this Disclosure Brochure under Item 12 concerning benefits that may be received by us from the broker-dealer/custodian in connection with execution of client securities transactions.



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#### ITEM 15 CUSTODY

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Our firm does not have actual or constructive custody of client accounts.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from your accounts. As part of this billing process, your custodian is advised of the amount of the fee to be deducted from your account. On at least a quarterly basis, the custodian is required to send to you a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review and compare their quarterly fee statement we provide against your custodial statements to verify the accuracy of the calculation, among other things. You should contact us directly if you believe that there may be an error in their statement.

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#### ITEM 16 INVESTMENT DISCRETION

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You may hire us to provide discretionary asset management services, in which case we place trades in your account without contacting you prior to each trade to obtain the your permission.

Our discretionary authority includes the ability to do the following without contacting you:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

You give us discretionary authority when you sign our investment advisory agreement. You must include any restrictions on this discretionary authority in writing. You may change/amend these restrictions as required. Such amendments must be provided to us in writing.

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#### ITEM 17 VOTING CLIENT SECURITIES

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Generally, we vote proxies for your accounts. However, you may retain the right to vote proxies yourself.

If you grant us the authority to vote proxies on your behalf, we will not process a request to direct a particular proxy vote.

Consistent with our investment advisory agreement, we have the sole discretion to utilize the services of independent firms to research, recommend and vote proxies on your behalf.

Proxies will be voted in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. Since our firm has engaged an independent research firm, Glass Lewis & Co., we anticipate that there will be no conflict of interest between you and us on a security being voted, given all voting recommendations will be made by Glass Lewis & Co.

You may obtain a copy of our complete proxy voting policies and procedures by contacting James Kearney by telephone, email, or in writing. You may request, in writing, information on how proxies for your shares were voted. If you request a copy of our complete proxy policies and procedures or how we voted proxies for your account(s), we will promptly provide such information to you.

If you choose to vote proxies yourself, you may contact us with general questions on a particular proxy, but you retain the responsibility to vote and file it on your own.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.



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