

Cruice Financial Organization,  
Cruice Financial Planning,  
& Cruice Investment Advisors, Ltd.  
315 Post Road West, Westport, CT  
203-221-0202/ 656-0033  
[www.cruicefinancialplanner.com](http://www.cruicefinancialplanner.com)

March 31, 2014

This Brochure provides information about the qualifications and business practices of Cruice Financial Organization, Cruice Financial Planning and Cruice Investment Advisors, Ltd. (hereafter collectively referred to as **C.F.O.**). If you have any questions about the contents of this Brochure, please contact us at (203) 221-0202. 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.

C.F.O. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about C.F.O. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2014 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jeffrey Sargent, Chief Compliance Officer at (203) 226-0222 or [jsargent@westportresources.com](mailto:jsargent@westportresources.com). Our Brochure is also available on our web site [www.cruicefinancialplanner.com](http://www.cruicefinancialplanner.com), also free of charge.

Additional information about C.F.O. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with C.F.O. who are registered, or are required to be registered, as investment adviser representatives of C.F.O.

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients .....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations.....	7
Item 11 – Code of Ethics.....	8
Item 12 – Brokerage Practices .....	11
Item 13 – Review of Accounts .....	12
Item 14 – Client Referrals and Other Compensation .....	12
Item 15 – Custody .....	12
Item 16 – Investment Discretion .....	13
Item 17 – Voting Client Securities .....	13
Item 18 – Financial Information.....	13

#### Item 4 – Advisory Business

- A. Cruice Financial Organization, an SEC registered investment advisor, headquartered in Westport, CT, was formed in October 1987 and is wholly owned by James S. H. Cruice, Jr.
- B. As of 12/31/2012, the Registrant had \$ 87,903,141 in assets under management on a discretionary basis and \$ 23,026,873 in assets under management on a non-discretionary basis.
- C. C.F.O. has always provided investment planning and management advice as Cruice Investment Advisors, Ltd. [C.I.A.] which may include asset allocation, portfolio rebalancing and timing, security selection or the selection and monitoring of mutual fund managers. For the constant supervision of a client's investment assets involving any combination of these services, the client will pay C.I.A. an annual management fee as detailed in Item 5 below.

#### Item 5 (A) – Portfolio Management Fees and Compensation

##### Schedule of Annual Investment Management Fees By Investment Objective (1)(2)(3)(4)(5)

Account \$Value	<b>CAPITAL APPRECIATION</b>	<b>CONSERVATIVE GROWTH</b>	<b>BALANCED GROWTH</b>	<b>INCOME &amp; GROWTH</b>	<b>INCOME ONLY</b>
UP TO \$1,000,000	1.00	0.75	0.75	0.67	0.50
UP TO \$2,500,000	0.75	0.67	0.67	0.50	0.33
UP TO \$5,000,000	0.67	0.50	0.50	0.33	0.25
OVER \$5,000,000	--- NEGOTIABLE ---				
MINIMUM ANNUAL FEES:	\$1500	\$1500	\$1500	\$1500	\$2500
<b>BILLED -</b>	<b>--- SEMI-ANNUALLY ----</b>				

Footnotes:

**(1)** C.I.A. manages investment portfolios using five basic portfolio investment objectives. These investment objectives are classified according to the risk for potential loss of capital during a given year and the allocation of investment capital between fixed income (debt) securities or investments for which the primary goal is "current income" and equity investments or stocks for which the primary goal is "long-term growth". The target allocation between fixed income securities and equity investments respectively ranges from 100% fixed income securities and 0% equity investments (100/0) for the "Income Only" investment objective to 0% fixed income securities and 100% equity investments (0/100) for the "Capital Appreciation" investment objectives. The risk of potential capital loss ranges from -25% for "Capital Appreciation" accounts to -5% for "Income Only"

**(2)** The above schedule for annual investment management fees should be understood as follows: For a "Capital Appreciation" account with \$2,000,000, the annual fee will be \$17,500 including \$10,000 for the first \$1,000,000 and \$7,500 for the second million dollars.

**(3)** For current investment management clients who use Westport Investment Management Services, Inc. (WRIS) as their primary broker-dealer, commissions for the purchase of new securities or mutual funds will be reduced by 25% or more wherever possible to a minimum of \$ 10 to \$45 per transaction, irrespective of the dollar amount of the transaction. C.I.A. maintains this policy in order to reduce the client's total cost of investing including both fees and commissions.

**(4)** Investment management fees will be billed semi-annually **in April and October** for those accounts for which the fee is drawn directly from the client's investment account. The fees will be billed semi-annually in advance for accounts where the client is invoiced. The "minimum fee" is the minimum annual fee per account that a client will be charged irrespective of the actual value of the account. An account with a \$ 100,000 value and an "Income & Growth" investment objective will be charged a minimum annual fee of \$1,500. However, C.I.A. does **not** charge multiple account investors with [\$1500] minimum annual fees for their smaller accounts with less than \$150,000. Where a client has multiple accounts with different investment objectives, C.I.A. will bill the client based on dollars under management by account.

**(5)** The above fees are for C.I.A. investment planning and management services are in addition to any stock or bond picking services, which a selected fund manager or investment company may provide, and any customary expenses that they may charge. Of those customary charges, some but not all mutual fund [or variable annuity] companies may pay to the agents of C.I.A. what is known as a 12B-1 fee, which usually amounts to 0.25% of invested capital.

The client will always maintain full control of their account by being able to notify the brokerage house(s) or investment (mutual fund) companies that are holding the client's assets of any actions the client may wish to take place in his or her account. The client may - **for any reason at any time** - terminate his contract with the firm. When management fees are paid semi-annually with three months in advance, a terminated client will be refunded any applicable portion of his or her management paid in advance.

Investment management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

C.I.A.'s fees are exclusive of brokerage commissions, transaction fees, and other related broker-dealer costs and account expenses which shall be incurred by the client. Clients may also incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to C.I.A.'s portfolio management fee, and C.I.A. does **not** receive any portion of a mutual fund's internal expenses other than possible 12B-1 fees as disclosed in 5-A(5) above.

**For C.I.A.'s discretionary portfolio management service, clients will pay only management fees to C.I.A. On the purchase or sale of securities, such clients will pay routine and customary transaction costs to the broker-dealer but are NOT charged commissions or loads that are paid to C.I.A. or any of C.I.A.'s agents.**

**For non-discretionary management accounts for which C.I.A. is not paid any fee, clients will most often pay routine and customary commissions or loads on the purchase and sale of investment securities that include both the transaction costs paid to the broker-dealer as well as a share of the commissions that are paid to C.I.A. or any of C.I.A.'s agents.**

Item 12 further describes the factors that C.F.O. considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### Item 5 (B) – Financial Planning Fees and Compensation

In addition to investment management services, C.F.O. provides a range of financial planning services through Cruice Financial Planning [C.F.P.]. These services include Total Financial Plans, Tax Plans, Insurance Plans, Retirement Plans and Estate Plans. In addition to the initial planning service, clients also have the option of updating their Total Financial Plans on an annual basis.

For the above financial planning services rendered, the schedule of fees is as follows: For preparing a basic Total Financial Plan, there is an initial base retainer of \$3,800 which includes three client meetings and up to twenty five hours of analytical work. 90%+ of all financial plans are completed within the \$3,800 retainer. All other financial planning services are provided on an hourly basis. The cost per hour is \$250 and clients will be subject to a minimum project retainer of a \$1000. **A client will always receive a written quote of the cost of the services to be performed in advance of actually providing the services.** For those clients who wish to update their Financial Plan on an annual basis, the annual fee will range between \$1000 and \$1900 depending on the updating services provided. Clients are under no obligation to update their financial plan.

All financial planning fees are payable 50% at the signing of the Financial Planning Agreement and the remaining 50% upon the satisfactory completion of the agreed upon service. Financial planning clients may agree to implement all or part of their financial plan through C.F.O., including the purchase of investment and/or insurance products. In such cases, commissions may be paid to C.F.O. or one of its Principals from the purchase of recommended investment and/or insurance products. Where an Agent of C.F.O. may receive investment or insurance commissions from financial planning activities, the potential receipt of such commissions is disclosed to the client in advance of plan implementation.

C.F.O. publishes periodic newsletters. Although primarily provided as a service to existing clients only, such news bulletins may be provided to non-clients.

C.F.O. may recommend, as a result of Financial Planning Services (see above) provided for a client, the purchase of insurance products or other types of investments as outlined in Part II, question 3K of this ADV. All such recommendations are based on a careful analysis of the financial planning needs and objectives of the individual.

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

In some cases, C.F.O. may enter or has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. C.F.O. will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, C.F.O. shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for C.F.O. to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. C.F.O. has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **Item 7 – Types of Clients**

C.F.O. provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, corporations and/or other business entities.

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

C.F.O. may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

C.F.O. may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Trading (securities sold within 30 days)
- Option writing, including covered options, uncovered options or spreading strategies
- Margin Transactions (on a limited basis and **not** for discretionary management portfolios)

**Please Note about Investment Risk:** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

Through our portfolio management arm, C.I.A, C.F.O. offers professional management of investment portfolios for individuals, corporations, qualified retirement plans and trusts. We manage investment portfolios within the context of a total financial plan. We are interested in helping our clients be where they want to be in three to five years and then three to five years after that.

We aim for real growth - measured in relative terms against inflation - through the consistent compounding of positive returns over time rather than the expectation of overnight results. Our approach stresses the importance of sound asset allocation strategies that protect current investment capital while building wealth for higher levels of long-term prosperity.

In general, we are conservative portfolio manager and will not expose any investment portfolio to anything less than careful risk-return analysis. We are strong believers in diversification amongst



several U.S. and foreign asset categories including Cash Equivalents, Fixed Income, Common Stocks, Real Estate, and other special situation investments.

There are four fundamental investment strategies employed by C.I.A. These strategies include (1) global diversification of asset categories; (2) timed periodic investment of any new capital contributions to an account (or dollar-cost averaging); (3) "buy and hold"; and (4) "Strategic Market Timing". [NOTE: Security buy and sell decisions for C.I.A.'s Strategic Timing Model are based on a combination of fundamental and technical factors. C.I.A. does **not** provide any investment "timing service(s)" to any type of client or non-client who are not also Investment Management clients.]

C.I.A. analyzes individual securities, as well as evaluating all client investments to determine whether they harmonize with his or her financial objectives. We design and propose investment portfolios that help the client to achieve specific objectives such as the attainment of future financial security. For all Financial Planning services rendered, investment recommendations are made in generic terms of asset categories (such as stocks, corporate bonds, municipal bonds, etc.) and not in terms of specific securities, mutual funds or other issues. **However, C.F.O. Financial Planning clients who choose to implement portfolio management recommendations through C.I.A. will have their portfolio recommendations provided in specific detail and reviewed with them prior to implementation by the C.I.A. investment team.**

In addition to the considerable amount of independent research from companies such as BCA, Ned Davis Research, Morningstar, Thomson Reuters, Bloomberg, Standard & Poors, Investors Intelligence as well as other companies that C.I.A. purchases and/ or reviews on an ongoing basis, our portfolio management team may also consult with other organizations who are specialists in mutual funds, variable annuities, variable life, or other aspects of financial planning. Whenever advantageous, we will also speak with due diligence staff that review investment products of issuers and investment companies other than their own.

Financial Planning, by its nature, is directed toward the achievement of long-term goals. For Financial Planning Clients, we design investment management strategies to help them achieve their individual financial goals - once the client's short-term cash needs, emergency fund, and insurance coverage's are satisfied.

The asset mix for any portfolio is based on a careful assessment of the specific investment objectives of the individual or corporate plan. For any asset category, we view ourselves as talent scouts not individual stock or bond pickers. Through our substantial research, we continually strive to find the best investments and managers within any of the selected asset categories.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of C.F.O. or the integrity of C.F.O.'s management. C.F.O. has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

C.F.O. through “Cruise Financial Planning” provides comprehensive financial planning services to clients. By Definition, comprehensive financial planning includes counsel or advice in areas beyond just investment advice, such as retirement planning or estate planning. Financial planning activities account for approximately one quarter of time spent.

Cruise Financial Planning provides financial planning services which may include “fee for service” financial plans or commissions from the sale of investment or insurance products. In all cases, prospective clients are advised that fees or commissions will be paid to an agent of C.F.O. from any such products or services prior to a purchase being made.

Principals, agents and associated persons of C.I.A. may be Registered Representatives of Westport Resources Investment Services (WRIS). WRIS is a member of The Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). WRIS security transactions are cleared through Pershing, LLC. Pershing, LLC. is a registered broker-dealer and a member of the NYSE, SIPC and all national securities exchanges. Pershing has over 70 years of Wall Street experience and currently has over \$700 billion in assets in custody. Pershing serves over 1000 broker-dealers, registered investment advisors and money managers globally. Pershing is owned by The Bank of New York Mellon Corporation which is one of the world’s leading provider of securities services and a top global asset management firm with over \$19 trillion in assets in custody. WRIS does not market, promote or sell any investment products and the Principals, Agents and Associates of C.I.A. are therefore never under any sort of incentive or obligation to purchase any specific investment or insurance product. Moreover, it is the policy of C.I.A. and its agents to recommend investment and insurance products offered by a well-diversified group of carefully researched and selected investment or insurance companies.

If an Investment Management client of C.I.A. purchases any investment products such as stocks, bonds, or mutual funds through WRIS, the Principals or Agents of C.I.A. may receive commissions as Registered Representatives of WRIS. And C.I.A. can provide any client with a disclosure of commissions paid at any time and in advance of purchase. When WRIS is the broker-dealer, the actual commissions paid by Investment Management clients of C.I.A. will be discounted where allowed by FINRA rules and laws governing securities transactions. **For C.I.A.’s discretionary portfolio management service, clients will pay only management fees to C.I.A. On the purchase or sale of securities, such clients will pay routine and customary transaction costs to the broker-dealer but are NOT charged commissions or loads that are paid to C.I.A. or any of C.I.A.’s agents.**

The agents of C.I.A. may be registered representatives of WRIS. Under the rules and regulations of FINRA, advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide investment advice. These obligations require WRIS to coordinate with, and have the cooperation of the third party account custodian. In order to fulfill its obligation, WRIS has established a list of custodian and brokerage firms (most often Pershing, LLC.) from which WRIS has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representatives of WRIS who are investment advisors or other investment advisor entities such as C.I.A, which are affiliated with registered representatives of WRIS. In certain instances, WRIS will collect, as paying agent for C.I.A., the investment advisory fee remitted to C.I.A. by the account custodian, and WRIS will retain a portion as a charge to C.I.A. (and NOT the client) for the compliance functions WRIS is required to carry out by FINRA. This WRIS fee will NOT increase execution or brokerage charges to the client or the fee the client has agreed to pay C.I.A. pursuant to the client's advisory agreement with C.I.A.

C.I.A. will recommend open or closed-end mutual fund companies and electronically traded funds based on their past investment performance, current management team and investment style.

For clients with substantial portfolios in excess of one million dollars, C.I.A. may also recommend outside Registered Investment Advisors in addition to mutual fund companies. These outside investment advisors will normally have minimum investment levels in excess of \$500,000. In such cases, C.I.A. agents may receive a share of the routine and customary commissions and/ or fees generated from the ongoing management of such accounts by the outside Registered Investment Advisors. All such fees paid to C.I.A. or its agents are fully disclosed to the client and are part of, and not in addition to, routine compensation paid by a client to any such outside Investment Advisor.

## **Item 11 – Code of Ethics**

C.F.O. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at C.F.O. must acknowledge the terms of the Code of Ethics annually, or as amended.

C.F.O. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which C.F.O. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which C.F.O., its affiliates and/or clients, directly or indirectly, have a position of interest. C.F.O.'s employees and persons associated with C.F.O. are required to follow C.F.O.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of C.F.O. and its affiliates may

trade for their own accounts in securities which are recommended to and/or purchased for C.F.O.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of C.F.O. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of C.F.O.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between C.F.O. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with C.F.O.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. C.F.O. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

C.F.O.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jeffrey Sargent at (203) 226-0222 or [jsargent@westportresources.com](mailto:jsargent@westportresources.com).

It is C.F.O.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. C.F.O. will also not cross trades between client accounts. However, under certain rare circumstances, C.F.O. will sell a security from one client to another if the transaction is believed to be mutually beneficial. Full disclosure is provided to both clients and the transaction is affected at a mutually agreed upon price and with the prior written authorization of both clients. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **THE CRUICE FINANCIAL ORGANIZATION MANAGEMENT CODE OF ETHICS**

### **COE-1. Standards of Conduct and Compliance with Laws**

This rule requires that our action reflect an adviser's fiduciary obligations and those of our supervised persons. In short, we are required to comply with federal securities laws.

### **COE-2. Protection of Material Nonpublic Information**

Our code of ethics requires that all persons work to prevent access to material nonpublic information about our advisers' securities recommendations, and client securities holdings and transactions by individuals who do not need the information in order to perform their duties. All persons are required to safeguard this sensitive information both within and outside the firm.

### **COE-3, Personal Securities Trading**

Our Code of Ethics requires that all persons associated with our firm report their personal securities transactions and holdings to the firm's Chief Compliance Officer. The Chief Compliance Officer, in turn, is required to review these transactions and holdings. This policy will be met by having duplicate statements for all associated persons and their spouses and any persons dependent on the associated person for financial support sent to the Chief Compliance Officer. Further, any accounts that persons wish to open away from our current Broker Dealer, Westport Resources Investment Services, Inc. and securities clearing operation, Pershing LLC, must receive prior written approval. In every situation, the interest of our clients comes first. The firm retains the right to impose "blackout periods" if necessary; most notably where client transactions are to be implemented and any trades of an associated person or agent of C.F.O. could interfere with our clients' best interests.

### **COE-4. Initial Public Offerings, Private Placements, and Principal Trading**

There must never be a question as to whether these opportunities are being taken when the firm's clients could have benefited. All persons must obtain the approval of the Chief Compliance Officer and the Compliance Department of our current broker dealer, Westport Resources Investment Services, Inc. before investing in an initial public offering (IPO) or private placement.

Additionally, C.F.O. generally discourages principal transactions on behalf of any of its clients. The most likely exception to this policy involves the new issue of corporate bonds or notes where there can be material benefits to C.F.O. clients such as being able to buy relatively small quantities of a new issue corporate note or bond at par (the price at which the bond will mature) without the client being charged a transaction cost or commission. Even with these cases involving corporate notes or bonds (and not stocks); C.F.O. management will require the acknowledgement of any "hidden" transaction costs or commissions and the approval of the transaction by the client **prior** to entering into any such transaction.

C.F.O. has always maintained a policy of "Full Disclosure" with every firm client. The agents of C.F.O. may be compensated by various combinations of investment management fees, brokerage commissions or insurance product commissions. And these sources of compensation are fully disclosed to current and prospective clients because it is also a C.F.O. policy that the firm fully discloses that the firm and/ or its agents are fairly and reasonably rewarded for the excellent advisory services performed on behalf of our C.F.O. clients.

**COE-5. Reporting Violations**

Any violation of the firm's Code of Ethics requires prompt internal reporting to the Chief Compliance Officer. The firm will take any and all steps necessary to protect anyone who reports a violation from retaliation.

**COE-6. Educating Employees and Related Persons about the Code of Ethics**

Under rule 204A-1, the firm must provide each person with a copy of this Code of Ethics and any subsequent amendments. We are also required to obtain an acknowledgement, in writing, from each supervised person, of the receipt of this Code of Ethics. Thus, at the end of this document will be a form that is to be signed and returned indicating that each person has read and understood the contents of our Code of Ethics. In addition, the firm is to require an annual recertification that each person has re-read, understands and has complied with our C.F.O. Code of Ethics.

**COE-7. Adviser Review and Enforcement**

Rule 204A-1 requires that advisers maintain and enforce their codes of ethics. As such, the Chief Compliance Officer is required to review persons' personal securities reports. This will be done by means of duplicate statements sent to and reviewed by the Compliance Department of our current Broker Dealer, Westport Resources Investment Services, Inc. This review is to determine, among other things, whether an access person is trading in the same securities that are being traded for clients and, if so, whether the clients are receiving terms as favorable as the access person receives.

**COE-8. Recordkeeping**

To date, there has been no requirement that the firm keep a formal record of the names of access persons. This requirement has been added as part of Rule 204-2(a) (13). A form will be distributed to all persons along with a copy of our Code of Ethics. The form will require the name and address of all persons and a list of all securities accounts. This form is to be submitted to the C.I.O. of both the C.F.O. as well as to our current Broker Dealer, Westport Resources Investment Services, Inc.

**Item 12 – Brokerage Practices**

Most C.F.O. / C.I.A. clients use Westport Resources Investment Services, Inc. (WRIS) as their broker-dealer. All WRIS brokerage accounts custody investment assets through Pershing. All mutual fund transactions are therefore cleared through and settled by Pershing. For fixed income securities such as corporate or municipal bonds, C.I.A. may occasionally find a fixed income security or a better execution price from an outside trading firm/ broker-dealer., but all such trades are also cleared through and settled by Pershing for the C.I.A. client's WRIS brokerage account.

Because the Principals, Agents and Associates of Cruice Investment Advisors, Ltd. may be registered Representatives of WRIS, we will most often recommend WRIS as the primary broker dealer, because account administration is most efficient and investment transaction costs are minimized. Depending on the individual needs of the client, however, we may also work with additional or alternative broker-dealers to WRIS.

It is fully disclosed that commissions earned are an important component of the applicant's total remuneration. It is explained that commissions are earned by the broker on the account, whereas management fees are earned by the manager. An agent of C.F.O., if also registered as a

representative with WRIS, may receive normal and customary periodic 12B-1 fee payments from mutual fund investments.

### **Item 13 – Review of Accounts**

C.I.A. manages discretionary investment portfolios according to six basic investment (risk/ return) objective classifications. Using a combination of basic performance data and a system of technical analysis, the C.I.A. management team monitors on a continuous basis all mutual funds that are purchased by C.I.A. for discretionary management accounts to determine if such funds/managers are performing according to objectives. In accounts where individual fixed income securities are purchased, those purchases are most always made on a yield-to-maturity basis and are therefore reviewed only quarterly. In addition to the ongoing monitoring of individual securities, each C.I.A. investment objective is reviewed at least weekly and all accounts are reviewed, at a minimum, of once per month. Any account will be reviewed at any time at the request of the client. The C.I.A. staff is charged with preparing the analysis which is reviewed by J. S. Cruice Jr., MBA, CFP, ChFC, CFS as the Chief Investment Officer.

C.I.A. has always supported and promoted a system of third party validation of assets and transactions. C.I.A. clients receive monthly statements from the brokerage houses where the client's assets are held in custody in the client's name. Clients will also receive customary periodic statements from any investment, such as fixed or variable annuities, that is not kept as a position within the client's brokerage account. All account statements are in the form of those that such brokerage houses and other investment companies normally send to clients on a transaction, monthly, quarterly, or annual basis. In addition, C.I.A. will also provide a quarterly consolidated statement that will report the values of any and all investments managed by C.I.A. on behalf of the client. The C.I.A., quarterly reports are significantly more informative than the customary brokerage or investment company statements.

### **Item 14 – Client Referrals and Other Compensation**

Because the Principals and Associates of Cruice Investment Advisors, Ltd. may also be Registered Representatives of WRIS, they may also act as solicitors for WRIS. Whenever it is recommended that clients utilize an outside broker dealer or an outside investment advisor other than Cruice Investment Advisors, Ltd., full disclosure about any such Investment Company or Investment Advisor will be provided pursuant to Rule 206(4)-3 of the Investment Advisors Act of 1940.

### **Item 15 – Custody**

C.I.A. shall have the ability to debit its advisory fee from each client on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. C.I.A. may also provide a written periodic report summarizing account activity and performance.

C.I.A. urges you to carefully review such statements and/or reports.

### **Item 16 – Investment Discretion**

C.I.A. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Discretionary authority is granted by the client at the time that they sign the Investment Advisory Agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Most all discretionary accounts are managed by the C.I.A. team within the framework of a written Investment Policy Statement [IPS] that is agreed to between C.I.A. and the client at the time of engagement.

When selecting securities and determining amounts, C.I.A. observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, C.I.A.'s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Any changes to the Investment guidelines and restrictions of the IPS must be provided to C.I.A. in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, C.I.A. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. C.I.A. may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about C.F.O.'s financial condition. C.F.O. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.