

# Disclosure Brochure

March 25, 2014

## **A.L. Stuart Investments, LLC**

*a Registered Investment Adviser*

One Dock Street, Suite 410  
Stamford, CT 06902

(203) 969-1140

This brochure provides information about the qualifications and business practices of A.L. Stuart Investments, LLC (hereinafter "A.L. Stuart"). If you have any questions about the contents of this brochure, please contact Ronda Lubin at (203) 969-1140 x2803. 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 A.L. Stuart Investments, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

A.L. Stuart Investments, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since A.L. Stuart's last annual update dated March 27, 2013. A.L. Stuart has no material changes to report.

## Item 3. Table of Contents

### Firm Disclosure Brochure

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

### Item 4. Advisory Business

A.L. Stuart is a wholly owned subsidiary of A.L. Stuart Financial Services, LLC and was founded in August 2011 by its principal, Alan Stuart. A.L. Stuart provides investment management services. Prior to engaging A.L. Stuart to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with A.L. Stuart setting forth the terms and conditions under which A.L. Stuart renders its services (collectively the “*Agreement*”).

As of December 31, 2013, the firm had \$201,902,564 in assets under management, \$162,822,170 of which was managed on a discretionary basis and \$39,080,394 was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of A.L. Stuart. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of A.L. Stuart’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on A.L. Stuart’s behalf and is subject to A.L. Stuart’s supervision or control.

#### Investment Management Services

---

Clients can engage A.L. Stuart to manage all or a portion of their assets on a discretionary or non-discretionary basis. As further discussed in response to Item 8, A.L. Stuart primarily (but not exclusively) allocates clients’ investment management assets among exchange-traded funds (ETFs), mutual funds, individual equity and fixed income securities, various independent investment managers (“*Independent Managers*”), and master limited partnerships (MLPs) in accordance with the investment objectives of the client. A.L. Stuart also provides advice about any type of investment held in clients’ portfolios.

A.L. Stuart tailors its advisory services to the individual needs of clients. A.L. Stuart consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients’ investment needs. A.L. Stuart ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify A.L. Stuart if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon A.L. Stuart’s management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in A.L. Stuart’s sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## A.L. Stuart Investments, LLC Disclosure Brochure

### Use of Independent Managers

---

As mentioned above, A.L. Stuart may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either A.L. Stuart or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets. Generally, A.L. Stuart does not receive compensation from any such *Independent Managers*.

A.L. Stuart evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. A.L. Stuart also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

A.L. Stuart continues to provide services relative to the discretionary selection or recommendation of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. A.L. Stuart seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### Management of Collective Investment Vehicle

---

A.L. Stuart's affiliate, A. L. Stuart & Co., LLC, is the managing member to the Stuart Family Fund, LLC (the "*Private Fund*"), which was organized in November 1995 as a New York limited partnership. The *Private Fund* was converted from a limited partnership to a limited liability company in June 1998. Interests in the *Private Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Fund* currently relies on an exemption from registration under the Investment Company Act of 1940, as amended. A.L. Stuart's affiliate has discretionary authority to determine the broker or dealer to be used by the *Private Fund*.

Participation as an investor in the *Private Fund* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended.

To the extent certain of A.L. Stuart's individual advisory clients qualify, they will be eligible to participate as members of the *Private Fund*. Investment in the *Private Fund* involves a significant degree of risk. All relevant information, terms and conditions relative to the *Private Fund*, including the compensation received by A.L. Stuart or any affiliate as the managing member, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the "*Memorandum*"),

Operating Agreement (the “*Agreement*”), and Subscription Agreement (together, the “*Offering Documents*”), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Fund*. The information contained within this Disclosure Brochure is not necessarily applicable to an investment in the *Private Fund*. Prospective investors in the *Private Fund* are urged to read the *Offering Documents* carefully before investing.

### Item 5. Fees and Compensation

A.L. Stuart offers its services on a fee basis, which is based upon assets under management.

#### Investment Management Fee

---

A.L. Stuart provides investment management services for a quarterly fee based upon a percentage of the market value of the assets being managed by A.L. Stuart. The firm’s quarterly fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. A.L. Stuart does not, however, receive any portion of these commissions, fees, and costs.

For all accounts, A.L. Stuart’s quarterly fee is charged, in arrears, as a percentage of the market value of the assets being managed or advised by A.L. Stuart on the last day of the calendar quarter.

For discretionary accounts, the quarterly fee varies between 0.1875% (equivalent to an annual fee of 0.75%) and 0.25% (equivalent to an annual fee of 1.00%) of the market value of the assets under management or advisement and the type of services to be rendered.

For non-discretionary accounts, the quarterly fee varies between 0.125% (equivalent to an annual fee of 0.50%) and 0.1875% (equivalent to an annual fee of 0.75%) of the market value of the assets under management or advisement and the type of services to be rendered.

For certain non-discretionary clients, the firm may recommend that clients invest in one of its model portfolios, which are managed on a discretionary basis. If a client invests in one of the firm’s model portfolios, the client will pay both a non-discretionary advisory fee and discretionary management fee. Clients are advised that a conflict of interest exists to the extent that A.L. Stuart recommends a client invests in one of its discretionary management portfolios where the firm would receive additional compensation.

The fees to invest in the *Private Fund* are disclosed in the *Offering Documents*.

A.L. Stuart, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Fees Charged by Financial Institutions**

---

As further discussed in response to Item 12 (below), A.L. Stuart generally recommends that clients utilize the brokerage and clearing services of one of more financial institutions for investment management accounts, although the firm receives no remuneration for doing so. A.L. Stuart may only implement its investment management recommendations after the client has arranged for and furnished A.L. Stuart with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, any broker-dealer recommended by A.L. Stuart, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by the *Independent Managers*, custodial fees, charges imposed directly by a hedge fund, mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to A.L. Stuart’s fee.

A.L. Stuart’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize A.L. Stuart to debit the client’s account for the amount of A.L. Stuart’s fee and to directly remit that management fee to A.L. Stuart. Any *Financial Institutions* that are authorized to debit the client’s account for A.L. Stuart’s fees and remit those fees to the firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to A.L. Stuart. Alternatively, clients may elect to have A.L. Stuart send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

---

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between A.L. Stuart and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. A.L. Stuart’s fees are prorated through the date of termination.

Clients may make additions to and withdrawals from their account at any time, subject to A.L. Stuart’s right to terminate an account. Additions may be in cash or securities provided that A.L. Stuart reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to A.L. Stuart, subject to the usual and customary securities settlement procedures. However, A.L. Stuart designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. A.L. Stuart may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to

transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

A.L. Stuart does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7. Types of Clients**

A.L. Stuart provides its services to individuals, investment limited partnerships or other collective vehicles, trusts, estates, charitable organizations, corporations and business entities.

#### **Minimum Account Size**

---

As a condition for starting and maintaining a relationship, A.L. Stuart generally imposes a minimum portfolio size of \$1,000,000. A.L. Stuart, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. A.L. Stuart only accepts clients with less than the minimum portfolio size if, in the sole opinion of A.L. Stuart, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. A.L. Stuart may aggregate the portfolios of family members to meet the minimum portfolio size.

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

#### **Methods of Analysis**

---

A.L. Stuart's primary methods of analysis are fundamental and technical.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. A.L. Stuart will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to



identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that A.L. Stuart will be able to accurately predict such a reoccurrence.

### Investment Strategies

---

A.L. Stuart customizes each client portfolio based on the client's individual needs. For discretionary accounts, the firm primarily focuses on common stocks and master limited partnerships (MLPs) listed on a stock exchange. As required by the client's individual circumstances and market conditions, A.L. Stuart may incorporate other types of securities into an individual portfolio. The firm does not utilize short selling as part of its strategy and does not invest in derivatives. For non-discretionary accounts, the firm may also incorporate mutual funds and ETFs that are comprised of securities across multiple asset classes.

The firm believes that investors should periodically stand far apart from the crowd. As such, the firm may look to certain market indicators (i.e. a company omits a cash dividend or a stock is deleted from an index) to determine when to buy or sell a particular security. Sometimes, a drop in a stock's price is reason enough for some holders to sell and A.L. Stuart believes that such behavior often creates supply-demand imbalances where bargains can be found. The dimly lit corners and crevasses existing outside of mainstream mandates may contain opportunities.

Although the firm finds that many investors feel compelled to be fully invested at all times, A.L. Stuart believes that to require full investment all the time is to remove an important tool in the portfolio's toolkit. Rather, the firm focuses on waiting patiently for compelling opportunities that may arise in the future.

Finally, business fundamentals, not price quotations, convey useful information. With so many market participants fixated on short term investment performance, A.L. Stuart believes that successful investing requires a focus not on how one is doing, but on corporate balance sheets and income and cash flow statements.

The *Private Fund* may be managed according to different investment strategies than described above. The strategies for management of the *Private Fund* are set forth in the *Offering Documents*.

### Risks of Loss

---

#### *Market Risks*

The profitability of a significant portion of A.L. Stuart's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that A.L. Stuart will be able to predict those price movements accurately.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Master Limited Partnerships*

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation, and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held.

### *Private Fund*

Investors in the Private Fund will be exposed to other risks of loss. Such other risks are described in the Offering Documents and other disclosure documents provided to Private Fund investors.

## **Item 9. Disciplinary Information**

A.L. Stuart is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. A.L. Stuart does not have any required disclosures to this Item.

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

A.L. Stuart is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. A.L. Stuart has described such relationships and arrangements below.

### **Related Family Office**

---

A.L. Stuart is under common control and ownership with A.L. Stuart Family Office, LLC, which provides services to clients including consolidated asset reporting, preparation of financial statements, bill paying, foundation administration, tracking of gifts and charitable donations, and concierge services.

A.L. Stuart may, from time to time, recommend certain of its clients utilize the services of A.L. Stuart Family Office, LLC for various services. A.L. Stuart Family Office, LLC shall render these services independently of A.L. Stuart. A.L. Stuart does not receive any portion of the fees charged (referral or otherwise) by A.L. Stuart Family Office, LLC for the services rendered, but Alan Stuart, in his capacity of a

principal of both entities, is entitled to receive compensation relative to his ownership in A.L. Stuart Family Office, LLC.

### Fund Manager

---

As described in Item 4 above, A. L. Stuart & Co., LLC, is the managing member to the “Private Fund”. Additional information regarding this relationship is described in Item 4 and the *Offering Documents*.

A.L. Stuart is not obligated to present any particular investment opportunity of which it becomes aware to all of its clients and neither A.L. Stuart nor its affiliates will be precluded from investing in any such opportunity, notwithstanding that such investment opportunity may be related to, or in competition with, any existing investments held by clients.

Also, the Private Fund is authorized to invest in many types of assets that may not be made available to managed account clients such as hedge fund and private equity investments. Moreover, the fees A.L. Stuart may earn from the Private Fund may be greater than the fees it earns from other clients. Accordingly, conflicts of interest may occur. A.L. Stuart intends, however, to perform its duties in a manner that it considers to be in the best interest of all of its clients.

### Item 11. Code of Ethics

A.L. Stuart and persons associated with A.L. Stuart (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with A.L. Stuart’s policies and procedures.

A.L. Stuart has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by A.L. Stuart or any of its associated persons. The *Code of Ethics* also requires that certain of A.L. Stuart’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in A.L. Stuart’s *Code of Ethics*, none of A.L. Stuart’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of A.L. Stuart’s clients.

When A.L. Stuart is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when A.L. Stuart is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior

to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 4, an affiliate of A.L. Stuart is the managing member to the *Private Fund*. A.L. Stuart may recommend, on a fully disclosed basis, that certain clients invest in the *Private Fund*. As such, a conflict of interest exists to the extent that A.L. Stuart recommends that clients invest in the *Private Fund* (See Item 10). These recommendations are based on what is appropriate for each client.

Clients and prospective clients may contact A.L. Stuart to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, A.L. Stuart generally recommends that clients utilize the brokerage and clearing services of one or more *Financial Institutions*, although the firm receives no remuneration for doing so.

Factors which A.L. Stuart considers in recommending a *Financial Institution* to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by one *Financial Institution* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by A.L. Stuart's clients comply with A.L. Stuart's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where A.L. Stuart determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. A.L. Stuart seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

A.L. Stuart periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct A.L. Stuart in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and A.L. Stuart will not seek better execution services or prices from other

*Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by A.L. Stuart (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than if transactions were executed through *Financial Institutions* selected by A.L. Stuart. Subject to its duty of best execution, A.L. Stuart may decline a client’s request to direct brokerage if, in A.L. Stuart’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless A.L. Stuart decides to purchase or sell the same securities for several clients at approximately the same time. A.L. Stuart may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among A.L. Stuart’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among A.L. Stuart’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that A.L. Stuart determines to aggregate client orders for the purchase or sale of securities, including securities in which A.L. Stuart’s *Supervised Persons* may invest, A.L. Stuart generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. A.L. Stuart does not receive any additional compensation or remuneration as a result of the aggregation. In the event that A.L. Stuart determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, A.L. Stuart may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist A.L. Stuart in its investment decision-making process. Such research generally will be used to service all of A.L. Stuart’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in

managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because A.L. Stuart does not have to produce or pay for the products or services.

The firm does not receive client referrals from any of the broker-dealers that it recommends to clients.

### **Item 13. Review of Accounts**

For those clients to whom A.L. Stuart provides investment management services, A.L. Stuart monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of A.L. Stuart's representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with A.L. Stuart and to keep A.L. Stuart informed of any changes thereto. A.L. Stuart contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. Each client is notified in writing at least annually that the client should contact A.L. Stuart if there have been any changes in the client's financial situation or investment objectives, or if the client wants to impose or modify any reasonable restrictions on management of the account.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements at least quarterly directly from the broker-dealer or custodian for the client accounts. Those clients to whom A.L. Stuart provides investment advisory services will also receive a report from A.L. Stuart that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from A.L. Stuart.

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

A.L. Stuart is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, A.L. Stuart is required to disclose any direct or indirect compensation that it provides for client referrals. A.L. Stuart does not have any required disclosures to this Item.

### **Item 15. Custody**

A.L. Stuart's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize A.L. Stuart through such *Financial Institution* to debit the client's account for the amount of A.L. Stuart's fee and to directly remit that management fee to A.L. Stuart in accordance with applicable custody rules.

The *Financial Institutions* recommended by A.L. Stuart have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to A.L. Stuart. In addition, as discussed in Item 13, A.L. Stuart also sends periodic

supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from A.L. Stuart.

### Item 16. Investment Discretion

A.L. Stuart is given the authority to exercise discretion on behalf of clients. A.L. Stuart is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. A.L. Stuart is given this authority through a power-of-attorney included in the agreement between A.L. Stuart and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). A.L. Stuart takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### Item 17. Voting Client Securities

A.L. Stuart is required to disclose if it accepts authority to vote client securities. A.L. Stuart does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact the firm with any questions by calling the number on the cover of this Disclosure Brochure.

### Item 18. Financial Information

A.L. Stuart does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, A.L. Stuart is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. A.L. Stuart has no disclosures pursuant to this Item.

**A.L. Stuart Investments, LLC**

*a Registered Investment Adviser*

One Dock Street, Suite 410  
Stamford, CT 06902

(203) 969-1140

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*