

## QUADRANT PRIVATE WEALTH MANAGEMENT PROGRAM

*Sponsored by*



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This brochure provides information about the qualifications and business practices of Quadrant Private Wealth, LLC (hereinafter “Quadrant” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Quadrant is required to discuss any material changes that have been made to the brochure since the last annual amendment. As of October 21, 2014, Quadrant had \$476,500,000 assets under management. While certain information has been updated, the Firm has not made any material changes to the content of the brochure.

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## Item 4. Advisory Business

The Quadrant Private Wealth Management Program (the “Program”) is an investment advisory program sponsored by Quadrant, which began conducting business in May 2014 and is principally owned by Herman L. Rij, Jason B. Cort, Brian C. Cort and Kori R. Lannon.

Quadrant offers a variety of advisory services, which include financial planning, consulting, and investment management services. As of October 21, 2014, Quadrant had \$476,500,000 assets under management, \$475,000,000 of which was managed on a discretionary basis and \$1,500,000 of which was managed on a non-discretionary basis. While this brochure generally describes the business of Quadrant, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Quadrant’s behalf and is subject to the Firm’s supervision or control.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. Prior to receiving services through the Program, clients are required to enter into a written agreement with Quadrant setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with Charles Schwab & Co., Inc. (“Schwab”) or another broker-dealer Quadrant approves under the Program (collectively “Financial Institutions”).

At the onset of the relationship, clients complete an investment policy statement (“IPS”) or other form of investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Quadrant assists its clients in developing an appropriate strategy for managing their assets and financial affairs. Under the Program, Quadrant manages client portfolios on a discretionary basis by allocating assets in accordance with the investment strategy described at length in Item 6 (below).

### Fees for Participation in the Program

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Wealth management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. This management fee generally ranges up to 100 basis points (1.00%) in accordance with the following blended fee schedule:

PORTFOLIO VALUE	BASE FEE
First \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.70%
\$4,000,001 - \$5,000,000	0.60%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,001 - \$25,000,000	0.40%
Above \$25,000,000	Negotiable

This fee schedule is charged using a “waterfall application,” meaning that a client is charged varying fee rates based upon the portfolio break points set forth above. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Quadrant on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets may be prorated to account for the interim change in portfolio value. For the initial term of the Program, the fee is calculated on a pro rata basis. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is refunded or charged to the client, as appropriate.

## Fee Comparison

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As referenced above, a portion of the fees paid to Quadrant is used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients’ portfolios. Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients’ accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fees may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs. Clients are also advised that due to the nature of the wrap fee arrangement, there may be an incentive for Quadrant not to trade in client accounts since trading costs and transactional fees are absorbed directly by the Firm.

## Fee Discretion

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Quadrant, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be

managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

## **Direct Fee Debit**

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Clients generally provide Quadrant with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Quadrant.

## **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Quadrant's right to terminate an account. Additions may be in cash or securities provided that the Firm 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 Quadrant, subject to the usual and customary securities settlement procedures. However, Quadrant designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Quadrant may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

## **Other Fees and Charges**

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Clients may incur certain charges imposed by third parties in addition to the Program Fee. These additional charges may include, but are not limited to, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, fees associated with alternative assets classes, ticket charges for client-directed trades, odd-lot differentials, transfer taxes, custody fees, wire transfer and electronic fund fees, and other applicable fees and taxes on brokerage accounts and securities transactions. Additionally, for certain held-away assets outside the Firm's management, Quadrant may elect to charge an annual fee of 25 - 50 basis points (0.25% - 0.50%) to provide certain administrative and consolidated reporting functions as an accommodation to clients.

## **Compensation for Recommending the Program**

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Quadrant has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. A person recommending the Program will not earn more compensation than he or she would otherwise receive if a client elected another investment management format.

## **Item 5. Account Requirements and Types of Clients**

### **Minimum Account Requirements**

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Quadrant does not impose a stated minimum fee or minimum portfolio size for starting or maintaining an investment advisory relationship.

### **Types of Clients**

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Quadrant offers services to individuals, families, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **Portfolio Management Services**

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Quadrant manages client investment portfolios on a discretionary or non-discretionary basis. Quadrant primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), stocks, municipal and corporate bonds, alternative investments, structured notes and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Quadrant to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as private placements, direct real estate holdings, variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (*i.e.*, 529 plans). In the latter situations, Quadrant directs or recommends the allocation of client assets among the various investment options available with the product. Certain of these assets are maintained at the underwriting insurance company or the custodian designated by the product's provider.

Quadrant tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Quadrant consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Quadrant if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Quadrant determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Financial Planning and Consulting Services**

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Under the Program, Quadrant may offer clients a broad range of holistic financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence
- Educational Funding
- Loan Facilitation

In performing these services, Quadrant is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Quadrant may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Quadrant or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Quadrant under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Quadrant's recommendations and/or services.



## Side-by-Side Management

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Quadrant does not provide any services for a performance-based fee (*i.e.*, a fee based on a share of capital gains or capital appreciation of a client's assets).

## Selection of Independent Managers

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As mentioned above, Quadrant may select 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 may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Quadrant evaluates a variety of information about Independent Managers, 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. Quadrant also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

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

## Methods of Analysis and Investment Strategies

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Quadrant employs a largely top-down approach utilizing a combination of fundamental and technical methods of analysis with an emphasis on risk management.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular manager, fund or issuer. For Quadrant, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of

mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon 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 Quadrant will be able to accurately predict such a reoccurrence.

## Risk of Loss

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Quadrant's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Quadrant will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually

20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Use of Independent Managers*

As stated above, Quadrant may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Quadrant continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Quadrant generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## *Use of Private Collective Investment Vehicles*

Quadrant recommends that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

## *Master Limited Partnerships (MLPs)*

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.

## *Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (*i.e.*, limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## *Real Estate Investment Trusts (REITs)*

Quadrant may recommend an investment in, or allocate assets among, various real estate investment trusts (“REITs”), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle’s shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

## *Exchange-Traded Notes (ETNs)*

Quadrant may recommend an investment in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

## *Management through Similarly Managed “Model” Accounts*

Quadrant manages certain accounts through the use of similarly managed “model” portfolios, whereby the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## Proxy Voting Procedures

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Quadrant does not accept the authority to vote clients' securities (*i.e.*, proxies) on their behalves. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm using the information on the cover of this brochure with questions about such solicitations.

## Item 7. Client Information Provided to Portfolio Managers

Clients participating in the Program generally grant Quadrant the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Quadrant may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

## Item 8. Client Contact with Portfolio Managers

Clients can generally contact the Independent Managers managing their portfolios through Quadrant by providing the Firm with written request and identification of the questions or issues to be discussed with the Independent Managers. After receiving the client's written request, Quadrant, at its sole discretion, may contact the Independent Managers for the client or arrange for the Independent Managers and the client to communicate directly.

## Item 9. Additional Information

### Disciplinary Information

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Quadrant has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

## Other Financial Industry Activities and Affiliations

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### *Registered Representatives of a Broker-Dealer*

Certain of the Firm's Supervised Persons, in their individual capacities, are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that Quadrant recommends the purchase of a security and its Supervised Person receives a portion of the commissions paid to PKS. The Firm has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such others that Quadrant, in its sole discretion, deems appropriate), the Firm provides investment advisory services on a fee offset basis. In this scenario, Quadrant may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their capacities as registered representatives of PKS.

### *Licensed Insurance Agents*

Certain of Quadrant's Supervised Persons, in their individual capacities, are licensed insurance agents and may effect the purchase of certain insurance products on a fully-disclosed commission basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Person receives insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### *Fees from Independent Managers*

As discussed above, Quadrant recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. In certain circumstances the Firm's compensation is included in the advisory fee charged by such Independent Managers. There may be a conflict of interest to choose such Independent Managers; however, Quadrant evaluates Independent Managers objectively and not based on the amount of compensation it may receive from a particular Independent Manager.

## Code of Ethics

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Quadrant and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with Quadrant's policies and procedures. Quadrant 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 (the "Code of Ethics"). In accordance with applicable laws, rules and regulations, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public

information by Quadrant or any of its associated persons. The Code of Ethics also requires that certain of Quadrant'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 Quadrant's Code of Ethics, none of Quadrant'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 Quadrant's clients. When Quadrant 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 Quadrant 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.

Clients and prospective clients may contact Quadrant to request a copy of its Code of Ethics.

## **Account Reviews**

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Quadrant monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews not less than quarterly. Model portfolio reviews are conducted by the Firm's centralized investment committee, while individual client account reviews are done by one or more of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Quadrant and to keep Quadrant informed of any changes thereto. Quadrant contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

## **Account Statements and General Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions. Clients in the Program also receive periodic reports from Quadrant that may include relevant account and/or market-related information, such as an inventory of account holdings and/or portfolio performance. Clients should compare any supplemental reports they receive



from Quadrant and/or the Independent Managers with the summary account statements they receive from the Financial Institutions.

## Client Referrals

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In the event a client is introduced to Quadrant by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Quadrant's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Quadrant's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Quadrant is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## Receipt of Economic Benefit

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Quadrant may receive without cost from Schwab computer software and related systems support, which allow Quadrant to better monitor client accounts maintained at Schwab. Quadrant may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (*i.e.*, not "soft dollars").

The software and related systems support may benefit Quadrant, but not its clients directly. In fulfilling its duties to its clients, Quadrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Quadrant's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Quadrant may receive the following benefits from Schwab:

- Up to \$350,000 in transitional credits to be used toward qualifying third-party service providers used in connection with the initial set up of the Firm's research, technology and software platforms, as well as real estate, compliance and other related business matters;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;



- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

## Financial Information

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Quadrant is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.