

Part 2A of Form ADV: *Firm Brochure*

MASECO Private Assets AG

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This brochure provides information about the qualifications and business practices of MASECO Private Assets AG. If you have any questions about the contents of this brochure, please contact us at +41 43 508 17 17 or gordon.hunt@masecopw.ch. 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. MASECO Private Assets AG is a registered investment adviser. Registration does not imply any particular level of skill or training.

Additional information about MASECO Private Assets AG also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 169908.

Item 2 MATERIAL CHANGES

This Brochure is prepared in accordance with U.S. SEC requirements and provides information regarding MASECO Private Assets AG, including the advisory services we provide, fees charged for those services, certain industry affiliations and conflicts of interest, among other information.

In the future, this Item 2 will be used to highlight material changes made to this Disclosure Brochure and to provide clients with a summary of such changes. Pursuant to applicable regulations, we will seek to ensure that you receive a summary of any material changes made to this and subsequent Brochures within 120 days of the close of our fiscal year. We may also provide more frequent notifications regarding material changes as appropriate and as required.

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Item 4 ADVISORY BUSINESS

MASECO Private Assets AG (MASECO) is an SEC-registered investment adviser with its principal place of business located in Zurich, Switzerland. MASECO began conducting business as a registered investment adviser in 2014. Yann Rousset and Rhone Matterhorn Capital Ltd are the principal owners of MASECO. Rhone Matterhorn Capital Ltd. is a Maltese company principally owned by the Delvino and Bramfield Family Trusts. (For purposes of this Brochure, principal ownership means control of 25% or more of an entity).

MASECO offers the following advisory services to our clients:

Asset Allocation Services

We manage investment advisory accounts through Asset Allocation Services using proprietary model portfolios. Each model portfolio is designed to meet a particular investment goal.

Through personal discussions and a comprehensive information gathering process, each client's investment goals and objectives are established. From this information, we will determine which of its model portfolios is suitable to the client's particular circumstances. We may, if appropriate, suggest modifications to the model or an allocation among two or more of the models to more adequately address the client's individual needs. Once the appropriate portfolio(s) has been determined, the client will receive a confirmation of the proposed portfolio and the portfolio will generally be managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, will have the opportunity to place reasonable restrictions on the types of investments to be held in the client's account. Clients will retain individual ownership of all portfolio securities. MASECO will manage advisory accounts on a discretionary or non-discretionary basis, depending on the client's preference. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

Each model portfolio is constructed primarily of mutual funds, exchange traded funds (ETFs), exchange traded notes (ETNs) and other pooled investment vehicles. MASECO will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Weighting among asset classes is determined by the appropriate model.

Also, in certain circumstances where there is not a tax efficient fund or investment (or restrictions such as Reg. D and Qualified Purchaser) for a US taxpayer, MASECO would look to generate market exposure using individual securities and fixed income instruments. Example: CHF and EUR laddered bond portfolio or an International SRI portfolio. MASECO will be inheriting portfolios with such positions that MASECO would look to unwind to put in our strategies. However because of taxable consequences and market environments, MASECO has to carefully manage such positions which could take time (i.e. long term capital gains vs. short term).

We will primarily use institutional asset class funds in client portfolios unless we determine that a better alternative is available. Institutional, style-specific, asset class funds are used to effectively mirror the various asset classes of the model portfolio and to minimize client costs. ETFs will be selected on the basis of any or all of the following criteria as they relate to the security or its underlying index: performance history; industry sector; management style and philosophy; track record; investment objectives; composition and focus, and; fee structure and expenses.

In order to ensure that our initial determination of an appropriate model portfolio continues to be suitable and that the client's account continues to be managed in a manner fitting to the client's

financial circumstances, MASECO seeks to maintain current client suitability information on file at all times. As such, we respectfully request prompt notification of any material change in the client's financial circumstances.

While we continuously monitor the underlying securities in client accounts, each client account is reviewed at least quarterly and rebalanced as necessary. If MASECO believes that a reallocation is necessary, for example, that a particular investment is performing inadequately, or that a different investment is more appropriate for the client account, then MASECO will recommend a different investment and will reinvest the client's assets in accordance with the discretionary authority granted by the client.

Financial Planning Services

We may also provide advice in the form of a financial plan designed to assist a client in achieving his or her stated financial goals and objectives.

In general, the financial plan may address the following areas of concern:

- **Tax & Cash Flow:** Income tax and spending analysis and planning for past, current and future years. MASECO will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- **Education:** Education IRAs, financial aid, state savings and 529 plans, grants and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- **Death & Disability:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **Retirement:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **Investments:** Analysis of investment alternatives and their effect on a client's portfolio.

We gather necessary information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, we suggest that the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Financial Planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature. However, Financial Planning is not a stand-alone service of MASECO and is typically offered only in connection with the firm's Asset Allocation Services. Financial Planning is designed to provide MASECO with a holistic view of the client's financial circumstances and to form a solid foundation for investment recommendations made through the client's managed portfolio. As such, there is no additional fee charged for Financial Planning Services.

Consulting Services

MASECO also seeks to secure consulting mandates to collaborate with enterprising, global families to aid them in meeting their family's current and future goals. These services may include, but are not limited to, advice regarding family governance, construction of family constitutions and mission statements, improving operating costs/margins, selection of professional advisors, due diligence on investment and manager selection as well as creation of investment policy statements.

Amount of Managed Assets

As of the date of this Brochure, we were not managing assets for any client.

Item 5 FEES AND COMPENSATION

Asset Allocation Services

The annual fee for Asset Allocation Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
Up to \$1 million	1.25%
\$1,000,001 - \$2 million	1.00%
\$2,000,001 - \$3,500,000	0.90%
\$3,500,001 - \$6 million	0.80%
Over \$6 million	Negotiable

A minimum of \$3,000,000 of assets under management and a minimum annual fee of \$12,500 is generally required for this service. This minimum account size and fee may be negotiable under certain circumstances. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Client accounts will be directly debited, as authorized, in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter.

As disclosed at Item 12 of this brochure, we have negotiated arrangements with certain broker dealers and banks for client referrals. Under these arrangements, as deemed appropriate, the broker dealer or bank will refer certain of its clients to MASECO that had previously engaged that entity to provide brokerage and custodial services as well as investment advice. Referred clients engaging MASECO are transitioned from the referring broker dealer's or bank's advisory platform to MASECO's. As part of the arrangement with these broker dealers and banks, MASECO aims to charge these referred clients no more than the referring entity charged the client for investment advice. As a result, some referred clients may be charged a fee that is different from the fee schedule disclosed above.

Consulting Services

Fees for consulting will typically be charged in one of two ways:

1. As a fixed fee, that will depend on the nature and complexity of the client's requirements. Up to 50% of this fee may be due upon signing the agreement, with the balance due upon completion of the

consulting work product or presentation of final recommendations to the client.

2. On an hourly basis, at fair market rates, depending on the nature and complexity of the client's requirements, as well as the MASECO representative(s) conducting the work. If appropriate, an estimate for total hours may be determined at the start of the consulting relationship. Up to 50% of the estimated fee may be due upon signing the consulting agreement, with the balance (based on actual hours) due upon completion of the consulting work product or presentation of final recommendations to the client.

General Information

Negotiability of Fees: In certain circumstances, all fees may be negotiable. We reserve the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases negotiation of fees may result in different fees being charged for similar services and may be less than the stated fees. In addition, certain family members and personal acquaintances of MASECO's affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Termination: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice to the other party. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients always have the right to terminate an agreement without penalty within five business days after entering into the agreement.

Other Fees and Expenses: All fees paid to MASECO for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of MASECO. In that case, the client would not receive the services provided by MASECO which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by MASECO to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to MASECO's advisory fees, clients are responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements, custody fees and transaction confirmations, and fees for electronic data feeds and reports. Please refer to Item 12 of this brochure for additional information regarding brokerage practices.

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

Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

MASECO does not charge performance-based fees to any client.

Item 7 TYPES OF CLIENTS

MASECO provides advisory services to individuals, including high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other businesses.

As previously disclosed at Item 5 of this Brochure, a minimum of \$3,000,000 of assets under management is generally required for this service.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

We use the following methods of analysis to determine which securities to buy, sell or hold:

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

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

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

Cyclical analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

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

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

Quantitative Analysis. An analysis technique that seeks to understand the global capital markets or security behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysis tries to understand and forecast reality mathematically.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Mutual fund and/or ETF analysis. We analyze mutual funds by historical performance and standard deviation, correlation with other mutual funds and the funds mandate for exposure to the market as explained in the prospectus among other factors. MASECO may also use actively managed funds when appropriate or when specifically directed by the client. We seek to design portfolios that have a

broad exposure to the total stock market both in North America and internationally. Multiple statistical tests are performed on the portfolios and combinations of asset classes to determine a mix that will provide the client with an appropriate risk-return profile. These tests may include, but are not limited to, an analysis of the historical returns of the different asset class combination scenarios to arrive at an appropriate risk-return profile; analysis of portfolio exposure to different segments of the market to ensure broad market exposure; and analysis of risk factor loads of possible combinations of asset classes to determine appropriate portfolio tilt.

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

Related Investment Adviser. MASECO is related through common ownership and control with MASECO Private Wealth (MPW) also a Switzerland-based investment adviser with which MASECO shares its principal place of business and certain executive officers and employees. Certain principals of MPW also serve on the investment committee for MASECO and assist MASECO with model portfolio construction and the development of investment strategies. As a result, MASECO may, from time to time, trade the same or similar securities for client portfolios that are traded by MPW for that firm's clients. When this occurs, MASECO clients may receive a better or worse price or execution than MPW receives for its clients depending on the order of trade execution, the type of security traded and the broker dealer or other counterparty used. Due to the roles of shared professionals MASECO currently has no way to completely restrict access to information regarding its client portfolios, trading and other information from these individuals.

Risks for all forms of analysis. Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alerted to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. As such, we focus on developing diversified portfolios, principally through the use of passively managed, asset class mutual funds that are available only to institutional investors and clients of a network of selected investment advisors.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time dependent on stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

At times we have clients which come to us with considerable legacy assets which are not part of our core investment strategy. In these cases we must work with the client to formulate a plan to sell the assets to bring their portfolio into line with our model portfolios over time. Tax consequences as well as suitability play a paramount role in deciding when and which assets are sold.

Long-term purchases. We purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Item 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have any reportable disciplinary events to disclose.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MASECO is related through common ownership and control with MASECO Private Wealth, AG (MPW), also a Switzerland-based investment adviser with which it shares its principal office and certain executive officers and staff. The advisory services provided by MPW are separate and distinct from those provided by MASECO and are provided for separate compensation. There are no referral fee arrangements between MASECO and MPW.

James Sellon, a MASECO Director, is also an owner and officer of MASECO, LLP, a London-based investment adviser, authorized by the U.K FCA and registered with the U.S. SEC.

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

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

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

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

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

capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to gordon.hunt@masecopw.ch, or by calling us at +41 43 508 17 17.

MASECO and individuals associated with our firm are prohibited from engaging in principal or agency cross transactions.

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

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations present potential conflicts of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) No director, officer or employee of MASECO shall buy or sell securities for their personal portfolio(s) when their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of MASECO shall prefer his or her own interest to that of the advisory client.
- 2) MASECO maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Executive Officer, the Chief Compliance Officer and the Chief Investment Officer of MASECO.
- 3) MASECO emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- 4) MASECO requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

Item 12 BROKERAGE PRACTICES

We do not accept the discretionary authority to determine the broker dealer to be used for client portfolio transactions or the commission rates to be paid by clients on a trade-by-trade basis. As such, clients must direct us as to which broker dealer to use for trades placed in the client's account. For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several broker dealers subject to our fiduciary duty to the client.

Clients should carefully note that MASECO has negotiated arrangements with certain broker dealers and banks for client referrals. Typically, such referrals will be made from brokers, dealers or banks at

which the referred client has an account custodied. These brokers, dealers or banks may be compensated based on a percentage of the assets under management or a percentage of the advisory fee charged to the client by MASECO and not through brokerage or dealer transactions or a promise of continued custodial services. Referral fees paid to solicitors will not increase the investment advisory fee paid by the client to MASECO. However, these referral arrangements create an inherent conflict between the client's interest in obtaining a disinterested brokerage recommendation on the one hand and MASECO's interest in receiving future client referrals from the referring broker dealer or bank on the other.

Due to the inherent conflict of interest resulting from these referral arrangements, MASECO requires that clients affirmatively choose and direct MASECO regarding which broker dealer or bank to use for execution and for custodial services. In making this determination, clients should be aware of their various brokerage and custodial options, including utilizing the services of the referring broker dealer or bank or choosing another broker dealer or bank to provide trade execution and/or custodial services. In directing MASECO to use a particular broker dealer or bank, it should be understood that MASECO will not have authority to negotiate commissions among various brokers on a trade by trade basis or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may result between the commissions charged to the client and those charged to other clients directing the use of a different broker dealer or bank.

MASECO may aggregate, or block, trades where possible and when advantageous to clients. Blocking trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may permit equity or ETF trades to be executed in a timelier and more equitable manner while allowing MASECO to obtain an average share price for clients participating in the block. Clients should note that MASECO will only be able to block trades among clients directing the use of the same broker dealer or bank.

MASECO's block trading policy and procedures are as follows:

- 1) MASECO's policies for the aggregation of transactions shall be fully disclosed in this Form ADV;
- 2) MASECO will not aggregate transactions unless it believes that aggregation is consistent with our fiduciary duty to our clients and is consistent with the terms of MASECO's investment advisory agreement with each client for which trades are being aggregated;
- 3) No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all MASECO's transactions in a given security on a given business day. Depending on the client's agreement with the custodian/broker, transaction costs will either be shared pro-rata based on each client's participation in the transaction or be based on the number of shares traded for each client;
- 4) MASECO will prepare, before entering an aggregated order, a written statement ('Allocation Statement') specifying the participating client accounts and how it intends to allocate the order among those clients;
- 5) If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement.
- 6) Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for

different allocation is explained in writing and is approved by MASECO's Chief Compliance Officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;

7) MASECO's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;

8) Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;

9) MASECO will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and Individual advice and treatment will be accorded to each advisory client and no client or account will be favored over another.

Item 13 REVIEW OF ACCOUNTS

Asset Allocation Services

While the underlying securities within Asset Allocation Services accounts are continuously monitored, these accounts are reviewed at least quarterly by the Chief Executive Officer of MASECO or the Chief Investment Officer of MASECO. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to the quarterly statements and confirmations of transactions that Asset Allocation Services clients receive from their broker dealer or custodian, MASECO will provide quarterly reports summarizing account performance, balances and holdings.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed at Item 12 of this brochure, MASECO has negotiated arrangements with certain broker dealers and banks for client referrals. Typically such referrals will be made from brokers, dealers or banks at which the referred client has an account custodied. MASECO is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instruments will be maintained by MASECO and all applicable U.S. federal laws will be observed. The fee of the referring broker, dealer or bank will be specified in a separate disclosure document provided to the client by the referring broker dealer or bank.

These brokers, dealers or banks may be compensated based on a percentage of the assets under management or a percentage of the advisory fee charged to the client by MASECO and not through brokerage or dealer transactions or a promise of continued custodial services. Referral fees paid to solicitors will not increase the investment advisory fee paid by the client to MASECO.

In addition, as appropriate, MASECO or its officers or employees may also recommend the various

investment-related or non-investment-related services of unaffiliated investment advisers or other companies (hereinafter collectively "Companies") to its advisory clients or to persons who are not its clients. The services provided by these Companies are separate and distinct from the advisory services of MASECO, and are provided for separate and additional compensation. With respect to certain of these referrals, MASECO and/or its officers or employees will receive payment for client referrals. No MASECO client or non-MASECO client is obligated to use the services of any Company to which he/she may be referred.

Item 15 CUSTODY

We do not have actual custody of any client's account. However, as disclosed at item 5 of this brochure, we may directly debit our fees from client accounts as authorized. Under applicable regulatory interpretations, as a result of this authority, we are deemed to have constructive custody of client assets. As part of this billing process, the client's custodian is advised of the amount of our fee which the custodian then debits from the client's account. On at least a quarterly basis, the custodian will send a statement to the client that shows all transactions in the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of this calculation, among other things. Clients should contact us directly if he/she believes that there may have been an error in the calculation of their fee or any other information provided in their statement.

Also, as disclosed at item 13 of this brochure, we will send account statements directly to our clients, on a quarterly basis, in addition to the periodic statements that clients receive directly from their custodians. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 INVESTMENT DISCRETION

As disclosed at Item 4 of this brochure, we offer Asset Allocation Services on both a discretionary and non-discretionary basis. For clients granting discretionary authority, we place trades in the client's account without contacting the client prior to each trade to obtain the client's permission.

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

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

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

For clients that have elected not to grant us investment discretion over their account, we note that trades in their accounts will typically be executed after trades in the same securities are placed in discretionary accounts, due to the time involved in obtaining the requisite client approval. Consequently, these clients may not participate in blocked trades and there may be a difference in the price paid per share of a given security and the commission rates paid by these clients as compared to other clients depending, in part, on the type of security traded.

Item 17 VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Other Corporate Matters: We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the clients account(s), including, but not limited to, the filing of Proofs of Claim in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 FINANCIAL INFORMATION

MASECO has no adverse financial circumstances to report.

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

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