

# Greystone Investment Management, LLC

## Part 2A of Form ADV

### The Brochure

3805 Edwards Road, Suite 180  
Cincinnati, OH 45209  
[www.greystoneinvestment.com](http://www.greystoneinvestment.com)

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This brochure provides information about the qualifications and business practices of Greystone Investment Management, LLC (“Greystone”). If you have any questions about the contents of this brochure, please contact us at 877-293-0908. 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 Greystone is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Greystone's most recent annual update to Part 2 of Form ADV was made in March 2014. Greystone's business activities have not changed materially since the time of that update.

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## Advisory Business

Greystone primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, partnerships, foundations and other legal entities. Greystone generally invests client assets in domestic and international stocks, bonds, mutual funds, options and exchange traded funds ("ETFs").

Greystone works with each client to establish an appropriate investment policy statement. Clients choose from growth, balanced, and conservative policy statements, and can impose reasonable restrictions on Greystone's management of their accounts. Greystone also manages accounts following an aggressive policy statement; however, the aggressive policy statement is not available to new clients.

Because each portfolio is constructed based on each client's investment policy statement and individual portfolio's needs, it is possible that Greystone may not purchase or sell the same securities in client portfolios. It is also possible the Greystone will sell a security in one portfolio while buying it in others, or vice versa.

Greystone was founded in 2001 and is primarily owned by Peter F. Levin and Ruth W. Adams. As of December 31, 2014 Greystone managed approximately \$347 million on a discretionary basis on behalf of approximately 162 clients.

## **Fees and Compensation**

Greystone charges its clients an annual investment management fee based on the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$2 Million	1.10%
Amounts in excess of \$2 Million & up to \$5 Million	0.85%
Amounts in excess of \$5 Million	0.50%

Greystone has waived or negotiated lower fees for certain clients, such as charitable organizations or Employees' family members.

Greystone imposes a minimum annual fee of \$8,250, which may be waived or reduced.

Greystone charges advisory fees quarterly in arrears based on the account value at the end of the prior quarter. Greystone relies on the account values provided by the respective custodians for each client to calculate the advisory fees and does not conduct an independent price verification to ensure account values are accurate. Most clients authorize Greystone to deduct fees automatically from their brokerage accounts, but clients may request that Greystone send quarterly invoices to be paid by check.

If a client terminates the investment management agreement with Greystone in the middle of a billing period Greystone will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

If a client contributes more than \$100,000 during a quarter Greystone will pro-rate the fees on this contribution. Contributions of less than \$100,000 and partial withdrawals of client assets are not pro-rated and will be reflected in Greystone's fee calculation for the entire quarter.

In addition to Greystone's investment management fees, clients bear trading costs and custodial fees. To the extent that clients' accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses.

## **Performance Based Fees and Side-by-Side Management**

Greystone does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Greystone.

## **Types of Clients**

Greystone primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, partnerships, foundations and other legal entities. Greystone's minimum account size is generally \$750,000, but this amount is negotiable.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Greystone conducts fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

Greystone's Investment Committee is led by Peter Levin, the Chief Investment Officer, and also includes Messrs. Kerstine and Reed. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures. Typically, two of the three members of the Investment Committee are required to approve any portfolio activity.

Greystone primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause Greystone to sell securities more quickly.

Depending on a client's investment objectives, Greystone might engage in short selling or option writing. The use of short selling and option writing poses additional risks that are discussed in detail with any clients who are considering the use of these investment vehicles.

All investing involves a risk of loss that clients should be prepared to bear.

## **Disciplinary Information**

Greystone and its Employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

Greystone and its Employees do not have any relationships or arrangements with other financial services companies or any other companies that pose or create material conflicts of interest with clients.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Greystone has adopted a written code of ethics that is applicable to all Employees. Among other things, the code requires Greystone and its Employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Greystone's restrictions on personal securities trading apply to Employees, as well as Employees' family members living in the same household. A copy of Greystone's Code of Ethics is available upon request.

Greystone's Employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. When block trades are partially filled, Employee trades may take place before or after other clients based on the order set by a random number generator. However, no Employees are allowed to participate in partially filled orders where manual allocation is used. The Chief Compliance Officer monitors Employee trading, relative to client trading, to ensure that Employees do not engage in improper transactions. At times, Greystone's Employees may trade opposite of clients, subject to pre-clearance.

Greystone maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed Employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an Employee's trading could disadvantage Greystone's clients.

Under certain circumstances an Employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of Employees trading ahead of clients. In Greystone's experience, it is rare for an Employee's

personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

## **Brokerage Practices**

Greystone generally recommends that clients arrange for their assets to be held with Raymond James Financial Services ("Raymond James"). Greystone has managed client assets held at Raymond James for many years and has found Raymond James to offer quality services at competitive prices.

### Soft Dollar Benefits

Greystone receives certain products and services from Raymond James free of charge or at discounted rates. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information;
- Direct advisory fee debiting capabilities;
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;
- A portfolio management system and software at a discount that supports Greystone's research processes.

Periodically Raymond James hosts educational conferences that Greystone Employees attend. Raymond James may pay for Greystone Employees' travel and accommodation costs in connection with industry conferences.

Greystone does not believe that clients whose accounts are held by Raymond James bear any additional costs in connection with Greystone's receipt of the products and services. Furthermore, Raymond James' provision of these products and services is not contingent upon Greystone formally committing any specific amount of business to Raymond James. However, Greystone would not receive these products and services if client accounts were not held in custody at Raymond James. Greystone's receipt of these products and services creates a conflict of interest in connection with Greystone's recommendation of Raymond James. Also, some of the products and services listed above benefit clients whose accounts are held by other custodians, which could create a conflict of interest between the clients at Raymond James, who are indirectly paying for the products and services, and the clients at other custodians who may benefit from the products and services.

### The Selection of Trading Counterparties

Greystone can typically trade accounts held at Raymond James using other broker/dealers. However, Raymond James charges clients trade-away fees that Greystone believes outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade Greystone solicits bids from several dealers and then executes the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Raymond James, Greystone's approach is generally to trade stocks and ETFs in a block with Raymond James clients, mutual funds with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

Some clients' accounts are relatively small, in which case the custodian may not allow Greystone to trade through other firms. Other clients may specifically request that their accounts only be traded through a particular broker/dealer. Greystone trades these accounts through the firm chosen by the client, which limits Greystone's ability to seek best execution. Trading restrictions may result in materially higher trading costs and reduced returns.

#### Best Execution Reviews

On at least an annual basis Greystone evaluates the pricing and services offered by Raymond James and other trading counterparties with those offered by other reputable firms. Greystone has sought to make a good-faith determination that Raymond James and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by Greystone's receipt of products and services from Raymond James. Historically Greystone has concluded that Raymond James is as good as, or better than, the other firms that have been considered. Greystone would notify its clients if it were to determine that another firm offered better pricing and services than Raymond James.

#### Aggregated Trades

When Greystone is purchasing the same security for its clients it will typically aggregate these trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually, but clients may pay different prices if an order is completed over the span of several days. If an order is partially filled, clients will have their orders fully filled on a randomized basis by use of a random number generator. Greystone will seek to complete any unfilled client orders on the next trading day. Employees may be included side-by-side in bunched client trades, but are excluded from bunched trades whenever partially filled orders require manual allocation. Employees may have trades executed before or after other clients based on the order set by the random number generator. Clients pay the average price obtained on any given day, although clients may pay different prices if an order is completed over the span of several days.

When trading accounts through Raymond James and one or more other broker/dealers, Greystone's trader may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question. This practice may result in accounts held at Raymond James trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in clients whose accounts trade through other broker/dealers experiencing a benefit at the expense of the Raymond James accounts.

### Trade Errors

Trade errors are corrected at no cost to the client. If Greystone is wholly at fault, the executing broker may retain any profit. If the trade error is at a loss, Greystone will reimburse the executing broker for that loss. Correcting a trade error may require multiple transactions. “Netting” of gains and losses resulting from correcting multiple transactions is a common practice. In the event an equity trade error occurs at Raymond James, Greystone may offset a trade error loss by a trade error gain as long as the offsetting gain and loss occur within a 30-day period.

### Client Referrals

Greystone does not compensate Raymond James or any other custodian or broker/dealer for referring client accounts.

## **Review of Accounts**

Accounts under Greystone’s management are monitored on an ongoing basis by the Investment Committee members and the Chief Compliance Officer. The Investment Committee members review each account in detail on at least an annual basis, as well as in connection with each client meeting. On at least a quarterly basis the Investment Committee members and the Chief Compliance Officer review a report that is designed to identify each account’s exposure to the various asset classes. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Greystone may supplement these custodial statements with reports provided quarterly as well as during client meetings.

## **Client Referrals and Other Compensation**

Greystone does not currently have any solicitation or referral arrangements with any outside parties.

Other than the previously described products and services that Greystone receives from Raymond James, Greystone does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

All clients’ accounts are held in custody by unaffiliated broker/dealers or banks, but Greystone can access many clients’ accounts through its ability to debit advisory fees. For this reason Greystone is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Greystone.

## **Investment Discretion**

Greystone has investment discretion over all clients' accounts. Clients grant Greystone trading discretion through the execution of a limited power of attorney included in Greystone's advisory contract.

Clients can place reasonable restrictions on Greystone's investment discretion. For example, some clients have asked Greystone not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Greystone has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Greystone receives will be treated in accordance with these policies and procedures.

Greystone has subscribed to Broadridge's PELite service. Broadridge specializes in providing a variety of fiduciary-level proxy-related services to investment managers. The services provided to Greystone include a browser based proxy voting system with automated physical paper handling and detailed recordkeeping to help Greystone fulfill its proxy voting responsibility. Greystone has also engaged the services of Glass Lewis to make recommendations on how Greystone should vote the proxies. Glass Lewis considers the reputation, experience, and competence of a company's management and board of directors when it evaluates an issuer. In general, Glass Lewis recommends votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. Glass Lewis also generally recommends votes in favor of compensation practices and other measures that are consistent with industry norms which allow companies to attract and retain key employees and directors, reward long-term performance, and align the interests of management and shareholders. All proxies are voted by Broadridge's PELite and reviewed by Greystone's head of research. In certain instances, Greystone may choose to vote contrary to Glass Lewis' recommendation. Broadridge's PELite and Glass Lewis' services are reviewed annually by the Greystone's proxy committee.

Greystone has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if a material conflict of interest is detected, the Chief Compliance Officer and/or Chief Executive Officer will confirm the material conflict of interest by discussion with Greystone's Proxy Committee and resolve the material conflict of interest as needed which may include engaging an attorney.

A copy of Greystone's proxy voting policies and procedures, as well as specific information about how Greystone has voted in the past, is available upon written request. Clients are permitted to request the proxy voting record for the 5 year period prior to their request. Upon written request, clients can also take responsibility for voting their own proxies, or can give Greystone instructions about how to vote their respective shares.

## **Financial Information**

Greystone has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# Greystone Investment Management, LLC

## Part 2B of Form ADV

### The Brochure Supplement

3805 Edwards Road, Suite 180  
Cincinnati, OH 45209  
[www.greystoneinvestment.com](http://www.greystoneinvestment.com)

Updated: March 2015

This brochure supplement provides information about Peter F. Levin, Jeffrey I. Kerstine, Michael R. Reed and Sally A. Humphrey. It supplements Greystone's accompanying Form ADV brochure. Please contact Greystone's Chief Compliance Officer, Sally A. Humphrey, at 877-293-0908 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Messrs. Levin, Kerstine, Reed and Ms. Humphrey is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Peter F. Levin's Biographical Information**

### Educational Background and Business Experience

Peter Frederic Levin was born in 1936. He earned a Bachelor of Arts degree from Williams College in 1958 and a Bachelor of Laws (LLB) degree from the University of Michigan School of Law in 1961. Mr. Levin was awarded the Chartered Financial Analyst ("CFA") designation in 1977. In order to become a CFA Charterholder, Mr. Levin was required to pass a series of examinations, maintain membership with the CFA Institute and a local CFA chapter, and agree to abide by the CFA Institute's Code of Ethics.

Mr. Levin has served as Greystone's Chief Investment Officer since 2001 and as the Chief Executive Officer since 2003. Prior to founding Greystone, Mr. Levin was an Investment Officer of Bartlett & Co. from 1970 to 2001. He also served as a registered representative of Legg Mason Wood Walker, Inc. from 1996 to 2001.

### Disciplinary Information

Mr. Levin has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Levin or of Greystone.

### Other Business Activities

Mr. Levin is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Greystone.

### Additional Compensation

Mr. Levin does not receive economic benefits from any person or entity other than Greystone in connection with the provision of investment advice to clients.

### Supervision

As Greystone's founder and Chief Executive Officer, Mr. Levin maintains ultimate responsibility for the company's investments and operations. Mr. Levin discusses investment decisions with the other Investment Committee members, Messrs. Kerstine and Reed. Operational decisions are discussed with Greystone's Chief Operating Officer, Ruth Adams, and Chief Compliance Officer, Sally Humphrey. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Jeffrey (Jeff) I. Kerstine's Biographical Information**

### Educational Background and Business Experience

Jeffrey Ian Kerstine was born in 1970. He earned a Bachelor of Arts degree in Business and Economics from the University of California at Los Angeles in 1992. Mr. Kerstine was awarded the Chartered Financial Analyst ("CFA") designation in 2001. In order to become a CFA Charterholder, Mr. Kerstine was required to pass a series of examinations, maintain membership with the CFA Institute and a local CFA chapter, and agree to abide by the CFA Institute's Code of Ethics.

Mr. Kerstine has served as Greystone's Chief Investment Advisor and Senior Portfolio Manager since 2015. From 2004 through 2014 Mr. Kerstine was Greystone's Vice President of Equity Research. From 2003 through 2004 Mr. Kerstine was Greystone's Equity Research Analyst. From 1999 to 2003 Mr. Kerstine was a Senior Research Analyst and Assistant Vice President at Haberer Registered Investment Advisor, Inc.

### Disciplinary Information

Mr. Kerstine has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Kerstine or of Greystone.

### Other Business Activities

Mr. Kerstine is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Greystone.

### Additional Compensation

Mr. Kerstine does not receive economic benefits from any person or entity other than Greystone in connection with the provision of investment advice to clients.

### Supervision

Mr. Kerstine investment recommendations are supervised by Greystone's CEO, Peter Levin. Mr. Kerstine's activities are also overseen by the Chief Operating Officer, Ruth Adams, and the Chief Compliance Officer, Sally Humphrey. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Michael (Mike) R. Reed's Biographical Information**

### Educational Background and Business Experience

Michael Robert Reed was born in 1971. He earned a Bachelor of Science in Business Administration Degree in 1994 from Miami University and a Masters degree in Business Administration in 2002 from Xavier University. Mr. Reed was awarded the Chartered Financial Analyst ("CFA") designation in 2006. In order to become a CFA Charterholder, Mr. Reed was required to pass a series of examinations, maintain membership with the CFA Institute and a local CFA chapter, and agree to abide by the CFA Institute's Code of Ethics.

Mr. Reed has served as Greystone's Director of Equity Research and Trading since 2014. Mr. Reed served as Greystone's Equity Analyst from 2005 through 2014. Previously he was a Credit Analyst with PNC Bank from 2003 to 2005, and he was a registered representative of Fidelity Investments from 1995 to 2001.

### Disciplinary Information

Mr. Reed has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Reed or of Greystone.

### Other Business Activities

Mr. Reed is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Greystone.

### Additional Compensation

Mr. Reed does not receive economic benefits from any person or entity other than Greystone in connection with the provision of investment advice to clients.

### Supervision

Mr. Reed's investment recommendations are supervised by Greystone's CEO, Peter Levin, and Vice President of Equity Research, Jeff Kerstine. Mr. Reed's activities are also overseen by the Chief Operating Officer, Ruth Adams, and the Chief Compliance Officer, Sally Humphrey. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Sally A. Humphrey's Biographical Information**

### Educational Background and Business Experience

Sally Ann Humphrey was born in 1975. She earned a Bachelor of Science in Chemistry in 1997 from the University of Cincinnati and a Masters degree in Business Administration in 2000 from Xavier University.

Ms. Humphrey has been with Greystone since its inception in 2001. She served as Greystone's Assistant Vice President from 2001- 2003. Ms. Humphrey has served as Greystone's Vice President since 2003 and also has served as Chief Compliance Officer since 2006. Previously she was a Research Assistant at Bartlett & Co. working directly with Peter F. Levin from 1994 to 2001.

### Disciplinary Information

Ms. Humphrey has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Humphrey or of Greystone.

### Other Business Activities

Ms. Humphrey is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Greystone.

### Additional Compensation

Ms. Humphrey does not receive economic benefits from any person or entity other than Greystone in connection with the provision of investment advice to clients.

### Supervision

Ms. Humphrey is supervised by Greystone's CEO, Peter Levin, and Greystone's COO, Ruth Adams. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.