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ALAN S. BERNSTEIN

Item 1

**Stratigraphic Asset Management, Inc. Brochure**

**Part 2A – Form ADV**

This brochure was prepared by Stratigraphic Asset Management, Inc. for its clients and provides information about the firm's qualifications and business practices. If you have any questions about the contents, please contact us at 305 447-0300. 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 Stratigraphic Asset Management, Inc. also is available on the company's website at [www.stratigraphic.com](http://www.stratigraphic.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Coral Gables Office**

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January 13, 2017

**Item 2 Material Changes**

The last filling of Form ADV Part 2A and 2B was made with FINRA on March 17, 2016. There have been no material changes.

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#### **Item 4 Advisory Business**

Stratigraphic Asset Management, Inc. offers an independent, flexible, and comprehensive approach to help clients manage their liquid assets and generate an attractive risk-adjusted return. Stratigraphic's principals invest their own money alongside their clients and always put the interests of their clients first.

Stratigraphic has been engaged in the investment advisory business since April, 1993. The firm is private and wholly owned by Alan S. Bernstein. Jayusia Bernstein, Mr. Bernstein's wife, is the chief investment officer of the firm. Mr. Bernstein is in charge of securities research and is the chief compliance officer.

Stratigraphic's business is providing investment supervisory services through the management of client portfolios. Such portfolios are always held at a major financial institution that serves as custodian. Stratigraphic manages substantially all of its client portfolios on a discretionary basis. At December 31, 2016, the firm had one non-discretionary account under management with total assets valued at \$32.7 million and 73 discretionary accounts valued at around \$81.1 million. Managed accounts consist mainly of publicly traded securities: U.S. and foreign common stocks; corporate debt securities; commercial paper; certificates of deposit; municipal securities; and exchange traded fund shares. For certain clients, Stratigraphic has utilized covered options writing as a supplemental investment strategy. Stratigraphic principals and clients have invested in real estate private placements in which a family member was a general partner/principal.

We do structure portfolios and tailor asset class weightings to take into account risk preferences, account cash withdrawal requirements, age, and other related personal factors that have a bearing on the management of the account.

Alan Bernstein and Jayusia Bernstein are not engaged in any other business outside of Stratigraphic.

#### **Stratigraphic's Principals**

Alan S. Bernstein • Mr. Bernstein was engaged in the domestic petroleum industry until 1993, when Stratigraphic Asset Management, Inc. was founded. From 1968 to 1972, Mr. Bernstein was a senior energy analyst with Loeb, Rhoades & Co. in New York. Mr. Bernstein is a trustee emeritus of Amherst College, where he was a member of the budget and finance committee that advised the administration on all aspects of the financial affairs of the institution. He served on the Visiting Committee on Romance Languages at Harvard University, the Head of School Advisory Board of Sidwell Friends School, Washington, D.C., and the Board of Trustees of Ransom Everglades School in Miami. He was a trustee and treasurer of the Musical Arts Association of Miami, which supports the annual Miami residency of The Cleveland Orchestra. Currently he is a trustee of the Georges Lurcy Charitable and Educational Trust, a New York-based private foundation; and is a trustee and Treasurer of the Miami Music Project, which brings classical music to South Florida public schools, provides mentoring to young musicians, and manages youth orchestras along the lines of the Venezuelan "Sistema." Mr. Bernstein holds a BA degree cum laude from Amherst College and an MBA degree from Harvard Business School.

Jayusia P. Bernstein • Between 1978 and 1993, Ms. Bernstein managed closely held investments and a family-controlled independent oil exploration and production company. From 1975 to 1978, she was vice president of Webster Management, the investment adviser subsidiary of Kidder, Peabody & Company in New York. Ms. Bernstein has served on the investment committees managing the endowments of two leading nonprofit institutions in Miami, Florida. Ms. Bernstein graduated Phi Beta Kappa from New York University and received an MBA degree in investment finance from New York University Stern School of Business in 1974.

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## **tem 5 Fees and Compensation**

### *Billing Period*

Fees are paid by Client on a semi-annual basis.

### *Account Valuations*

Accounts are valued based on average monthly market value during the billing period, including unrealized gains and losses, dividends receivable and accrued interest.

### *Fees*

#### All Equity & Balanced Accounts

Less than or equal to \$2.5 million

1.25% Per Annum

Over \$2.5 million

1.00% Per Annum

Minimum Fee

\$10,000 Per Annum

Where special circumstances warrant, the foregoing conditions may be negotiable. Clients provide authorization to have the fees deducted from their accounts.

Other expenses that are assessed against the managed accounts such as trading commissions are charged at cost. Stratigraphic does not charge any fees other than its advisory fees and does not have any interest in charges that may be assessed by the custodian or funds such as ETFs held by the clients. We are fee only advisors meaning we accept no compensation related to any security or any “product” purchased by a client through Stratigraphic.

Stratigraphic clients can cancel investment advisory services at any time by written notice. Fees are calculated on a pro rata basis through the date that notice is given. Any refunds of fees due to clients will be promptly remitted.

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

Stratigraphic does not charge performance-based fees.

## **Item 7 Types of Clients**

Our clients are principally high net worth individuals who require portfolio management services for their individual investments, retirement accounts, trusts, foundations, corporations and other related entities. Our minimum portfolio is \$1 million, although we make exceptions, chiefly for family members of larger clients.

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

Four principles govern the investment process at Stratigraphic:

1. We attempt to structure portfolios among different asset classes to reflect the risk tolerances of clients, taking into account that the risks associated with common stocks generally, but not always, are higher than the risks associated with fixed income securities. We review asset allocations on a regular basis with our clients.
2. We also seek to mitigate risk by broadly diversifying the portfolios we manage.
3. We attempt to reduce risk and enhance the potential returns of our investments by taking a rigorous fundamental analytical approach.
4. As a rule, we do not use leverage to enhance portfolio returns.

### *Investment Process*

*Idea Generation* – how we find potential ideas for inclusion in the portfolios

- Extensive reading – periodicals, sell-side research, Internet.
- Attending company and sell-side sponsored events such as analyst days/investment conferences.
- Investment screening tools on the Bloomberg terminal.

*Idea Diligence* – conducting a detailed financial and fundamental company analysis

- Read all recent SEC filings and quarterly financial reports.
- Understand how the executive team is compensated. Are they truly shareholder fiduciaries?
- Review all available research (Internet, investment et al).
- Analyze the company's competitive market and financial position.
- Translate our analysis into future earnings and cash flow expectations.

*Investment Decision* – how a decision is made

- Compose a comprehensive investment memo that details our analysis and recommendation.
- Each idea is discussed thoroughly by the principals—action requires unanimity.
- Sizing of the initial position is determined by our shared conviction levels and current portfolio exposures.

<b>Investment Process</b>			
<b>Asset Allocation</b>			
<b>Compose Macroeconomic View</b>	<b>Determine Asset Class Exposure</b>	<b>Identify Tactical Opportunities</b>	<b>Optimize Structure</b>
What currently drives the global markets?	Which asset classes offer the best risk-adjusted rates of return given our market view?	What short duration opportunities exist?	Sizing the investment
• Federal Reserve policy (monetary trends)	Where are we in the credit cycle?	Is this appropriate for the client?	What are the expected net returns (i.e. after-tax, after fees)?
• Fiscal policy trends	Do we want to trade market exposure for interest rate risk?	What is the expected risk/return?	Should we sacrifice liquidity?
• Interest rates	What will protect portfolios from deflation or inflation?	Is the risk/return better elsewhere?	
• International capital flows	What will protect us against a weakening dollar or how can we profit from a strengthening currency?	Why does the opportunity exist?	
• Political trends			
• Demographic trends			
• Secular trends			
• Global economic growth			
• Commodity pricing			
• Inflation			
• Currencies			
What are the markets discounting?			
• Economic cycle			
• Yield curve and risk spreads			
• Inflation expectations			
Is the consensus correct?			

*Managing the Positions* – how we reevaluate the portfolio

- We review the portfolio on a frequent basis.
- Positions and their relative weights and expected returns are continuously reexamined.

## **Item 9 Disciplinary Action**

Neither Stratigraphic nor its officers and directors have ever been involved in any disciplinary action in the securities or investment advisory business.

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

No officer of Stratigraphic is involved with any other entity in the financial industry.

## Item 11 Code of Ethics

### *Stratigraphic Core Values*

- *We are fiduciaries.*

We are a small independent firm whose principals have their entire liquid net worth invested alongside our clients. We always put our clients' interests before our own.

- *We are client centered.*

Our entire approach is focused on delivering the best financial advice to our clients, tailored to understanding and listening to our clients' unique needs and goals and proposing the appropriate solution.

- *We are performance oriented.*

We assess ourselves on our performance and helping our clients attain their goals.

- *We are professional.*

Every interaction or communication with us reflects the highest ethical and professional standards. *We strive for excellence in everything we do.*

### *Other Important Principles That Govern Our Conduct*

We expect every employee of Stratigraphic to meet a high standard of ethical conduct and to adhere rigorously to applicable federal and state securities laws, and to promptly report all violations. Certain conduct that may result in a violation of federal securities laws such as front-running, insider trading, and the misuse of material nonpublic information are expressly prohibited.

We value and protect the privacy of our clients in accordance to a Privacy Statement that is provided to clients at least once each year.

We will never recommend or purchase a publicly traded security of a corporation in client portfolios in which we have or related family member has a material interest nor will we recommend or purchase a publicly traded security that we would not purchase for our own accounts, subject to investment objectives, risk preferences, and similar considerations. Transactions in publicly traded securities for Stratigraphic and related persons will be at the same prices and subject to the same commissions as our clients. When securities for more than one account are purchased or sold, the securities or the net proceeds are allocated on an average price basis.

Stratigraphic principals and clients have invested in real estate private placements in which a family member was a general partner/principal. Stratigraphic principals and clients will always subscribe to such investments on the same terms. Although Stratigraphic receives no compensation such as a finders fee or commission in connection with private placement offerings, the fair value of such investments may be included in the computation of Stratigraphic's investment advisory fee.

No Stratigraphic principal will have a brokerage account except with a designated custodian of Stratigraphic or unless the account is not considered material to Stratigraphic's business. All security

transactions and holdings of Stratigraphic principals are reviewed on a quarterly basis to ensure that there is full compliance with our Code of Ethics. A principal of Stratigraphic who desires to participate in an IPO or limited offering will obtain written approval beforehand.

Each year Stratigraphic employees are asked to affirm in writing that they have read and will abide by the firm's code of ethics.

## **Item 12 Brokerage Practices**

### **Brokerage Practices**

All client accounts are held at our custodian, Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, and substantially all transactions for clients are executed through Pershing at negotiated rates. Stratigraphic selected Pershing based on its financial soundness, its reputation in the financial community, the range of services provided to Stratigraphic and its clients, and the availability of securities research, among other factors. As a Pershing client, Stratigraphic receives access to TRACE (fixed income historical trading data), research and data of Credit Suisse, Zacks, Standard & Poor's, and other service providers.

Stratigraphic agreements with Pershing provide for the allocation of commissions arising from client transactions to be applied for a Bloomberg terminal. This arrangement with Pershing was terminated on January 31, 2016 by mutual agreement.

Stratigraphic has a fiduciary responsibility to seek the best execution of securities transactions on behalf of clients. Substantially all of the transactions in publicly traded securities are executed through Pershing, which has systems and procedures in place to ensure purchases and sales are made at prices that reflect the most favorable market offers. In regard to fixed income securities, Stratigraphic also has procedures for testing the reasonableness of prices offered. Annually we prepare a memorandum on "best execution" issues that is available to clients upon request.

## **Item 13 Review of Accounts**

The senior staff of Stratigraphic reviews the accounts at least monthly and more frequently depending upon the condition of capital markets, changes in asset allocations being made, bond and stock purchases and sales, among other factors.

We review the accounts with clients at least semi-annually through personal meetings or conference calls. Semi-annually we send to the clients an appraisal of the holdings in the accounts as well as a computation of the return on the portfolio computed on an internal rate of return basis for the reporting period.

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

Stratigraphic has never paid a third party for client referrals.

**Item 15 Custody**

All of Stratigraphic accounts including their cash and securities are held by independent, recognized major financial institutions that act as custodians. It is possible that a client may request that his account be held at a specific custodian. In the case of two trust clients, Mr. Bernstein serves as a trustee and therefore is deemed to have custody of the accounts' assets. Pursuant to SEC regulations, Stratigraphic has arranged at its expense for a qualified independent accountant to examine annually the clients' cash and securities.

Custodians report directly to the clients regarding any transaction that affects the account such as deposits and withdrawals, dividend and interest payments received, and purchases and sales transactions. In addition, the custodians report monthly to the client providing an appraisal of the account and a summary of all activity affecting the account during the month. Finally the custodians provide yearend tax information to account holders necessary for filing U.S. income tax returns. All Stratigraphic clients have the option to review their accounts on-line through special arrangements made with the custodians and to receive e-mail alerts concerning transactions in their accounts.

**Item 16 Investment Discretion**

In all but one account, Stratigraphic has the authority to determine, without obtaining specific client consent, the securities to be bought and sold, the amount of the securities to be bought and sold, the broker or dealer to be used, and the commission rates to be paid. Such authority is conveyed by the client to Stratigraphic through a limited power of attorney contained in the investment advisory agreement that is executed when the account is established.

**Item 17 Voting Client Securities**

Stratigraphic never votes client securities.

**Item 18 Financial Information**

Stratigraphic is an S corporation organized under the state of New York in 1983. Our financial condition is sound. Our resources are more than adequate to fund our current operations. Our financial statements are available upon request.

**Item 19 Requirements for State-Registered Advisers**

Stratigraphic is only registered with the Securities and Exchange Commission and is not a state-registered adviser.

Item 1

**Stratigraphic Asset Management, Inc. Brochure**

**Supplement Part 2B – Form ADV**

This brochure supplement provides information about Alan S. Bernstein and Jayusia P. Bernstein that supplements the Stratigraphic Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact Alan Bernstein at the address and telephone number shown below if you did not receive Stratigraphic's brochure or if you have any questions about the contents of this supplement.

Additional information about Stratigraphic Asset Management, Inc. also is available on the company's website at [www.stratigraphic.com](http://www.stratigraphic.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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January 13, 2017

## Item 2 Educational Background and Business Experience.

Shown below are the current curriculum vitae of Alan Bernstein and Jayusia Bernstein as of the date of this supplement.

### **Alan S. Bernstein**

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Telephone 305 447-0300, Fax 305 447-0385, E-Mail [abernstein@stratigraphic.com](mailto:abernstein@stratigraphic.com)

#### *Education*

Amherst College, Amherst, Massachusetts, Bachelor of Arts in Economics, 1963  
Harvard Business School, Boston, Massachusetts, Master of Business Administration, 1966

#### *Professional Experience*

Stratigraphic Asset Management, Inc., President and Co-Founder, 1993-present (SEC registered investment advisory firm) [www.stratigraphic.com](http://www.stratigraphic.com); Stratigraphic Petroleum Corporation, Inc., President and Co-Founder, 1977-1998 (a privately held corporation engaged in petroleum exploration and production operations); Hanover Petroleum Corporation, Vice President, 1972-1977; Loeb, Rhoades & Co., 1968-1971; ADELA Investment Company, S.A., Lima, Peru, 1966-1967.

#### *Selected Community Service*

**Amherst College:** Medal for Eminent Service, May, 2013; Member of the Board of Trustees, 2004-2010; Amherst College South Florida Alumni Outreach Committee, Chair, March 2005-2010; Distinguished Service Award, 2002; The President's Circle, 2000-present; Class President, 1998-2003; Dallas Alumni Association, President, 1991-1995; Class Planned Gifts Chair, 1996-present; Class Reunion Chair, 35<sup>th</sup> Reunion, 1998; Leadership Gifts Chair, 40<sup>th</sup> Reunion 2003 and Co-Chair 50<sup>th</sup> Reunion 2013.

**Education:** Trustee, Georges Lurcy Charitable and Educational Trust, New York City, 1986-present; Board of Trustees, Vice President, The Ransom Everglades School, Miami, FL, 1998-2003; Visiting Committee, Romance Languages, Harvard University, 1986-1990; Sidwell Friends School, Washington, DC: Member, Head of School Advisory Board, 1999-present, National Leadership Gifts Committee, 1995-1998. Harvard Business School, Boston: 25<sup>th</sup> Reunion Leadership Gift Committee.

**Arts:** Board of Trustees, Treasurer, Miami Music Project (social change through classical music education for children and young adults) 2009-present; Board of Trustees and Treasurer, Musical Arts Association of Miami (MAAM supports The Cleveland Orchestra Miami Residency), July, 2008-2012; Board of Directors, Arsht Performing Arts Center Trust, Miami, FL, 2001-2003, Finance Committee, 2003-2007; Board of Directors, Florida Philharmonic Orchestra, Ft. Lauderdale, FL, 1999-2003; Board of Directors, Spanish Repertory Theater, New York City, 1979-1986; Director, Capital Campaign Chair, Westport-Weston Arts Council, Westport, CT, 1984-1986.

**Other:** Temple Beth Am, Miami, Florida, Board of Directors; Co-Chair, Board of Trustees, March 2006-April 2009; July, 2016 to present.

*Family*

**Spouse:** Married to Jayusia Perelman of Lima, Peru, 48 years; business partner since 1978. New York University, 1971, Phi Beta Kappa; M.B.A., New York University, 1974.

**Children:** Leo Amherst '94, M.B.A., University of Chicago Graduate School of Business '99. Marc, New York University '07.

\* \* \* \*

**Jayusia P. Bernstein**

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*Education*

Washington Square College,  
New York University, New York, New York  
Bachelor of Arts in History, 1971  
Phi Beta Kappa, New York University Founders Day Award

Stern School of Business  
New York University, New York, New York  
Master of Business Administration, 1974

*Professional Experience*

Stratigraphic Asset Management, Inc., Chairman, Chief Investment Officer, and Co-Founder, 1978-present (SEC registered investment advisory firm) [www.stratigraphic.com](http://www.stratigraphic.com); Stratigraphic Petroleum Corporation, Inc., Chairman and Co-Founder, 1977-1998 (a privately held corporation engaged in petroleum exploration and production operations); Kidder Peabody Incorporated, New York, New York, Portfolio Manager, 1976-1978; U.S. Options, Inc., New York, New York, Portfolio Manager, 1974-1976.

*Selected Community Service*

Spanish Repertory Theater, New York, New York, Member of Board of Directors, 1979-1984  
Dean's Advisory Council, College of Arts and Science, New York University, 2002 to Present  
Foundation of Jewish Philanthropies Investment Committee, Miami, Florida, 2003 to 2009  
Ransom Everglades School Investment Committee, Miami, Florida, 2002-2006

*Family*

Spouse: Married to Alan S. Bernstein, 45 years, business partner, 36 years; Amherst College, 1963; M.B.A., Harvard Business School, 1966.

Children: Leo Amherst '94, M.B.A., University of Chicago Graduate School of Business '99;  
Marc, New York University '07.

\* \* \* \*

Item 3 Disciplinary Information

Not applicable.

Item 4 Other Business Activities

Not applicable.

Item 5 Additional Compensation

The only compensation the Bernsteins receive is derived through their ownership and employment with Stratigraphic. Stratigraphic earns compensation exclusively through client advisory fees.

Item 6 Supervision

The Bernsteins as principals and supervised persons are responsible for every aspect of Stratigraphic's business including all transactions pertaining to client portfolios. All decisions are made unanimously.