



Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Eubel Brady & Suttman Asset Management, Inc. ("EBS"). If you have any questions about the contents of this brochure, please contact us at 937-291-1223 or via email to david@ebs-asset.com. 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 EBS is also 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 107316.

Item 2 Material Changes

This Firm Brochure, dated 03/30/2017, includes the following material changes from our last annual update dated 03/30/2016:

Disclosure regarding a new limited liability company, EBS Residential Development Fund II, LLC has been added to Items 4 and 6. Item 8 was updated to include cybersecurity and other risks commonly associated with the types of investment vehicles in which EBS primarily invests for its clients. In addition, Matthew D. DiCicco joined the firm as Senior Vice President and General Counsel, and has been added to Item 13.

Consistent with the SEC's "Amendments to Form ADV" adopted in July 2010, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our firm's fiscal year, or provide you with the full revised Brochure that will include a summary of those changes in this Item. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Eubel Brady & Suttman Asset Management, Inc. ("EBS") is an SEC-registered investment adviser with its principal place of business located in Dayton, Ohio. EBS began conducting business in 1993.

There are no single individuals or entities that own 25% or more of this company; however, the following individuals are considered principals of the firm: Ronald L. Eubel; Mark E. Brady; Robert J. Suttman II; Kenneth E. Leist; Paul D. Crichton; Scott E. Lundy; and Aaron Hillman.

EBS offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

EBS provides continuous discretionary investment advice to clients regarding the investment of their funds based on their individual needs. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. After the data-gathering process, client portfolios will typically be managed in one or more of the styles described below, with security selections determined by the Research Group (further described in Item 13):

All Cap Value Style seeks growth of capital by investing in equity securities of companies of all sizes with market capitalization generally within the Russell 3000 Index which management believes to be undervalued. Equity holdings will generally be between 90 - 100% of the portfolio, but may be less under certain market conditions.

Large Cap Value Style seeks growth of capital by investing in equity securities of companies with market capitalization generally within the Russell Top 200 Index which management believes to be undervalued. Equity holdings will generally be between 90 - 100% of the portfolio, but may be less under certain market conditions.

Mid-Large Cap Value Style seeks growth of capital by investing in equity securities of companies with market capitalization generally within the Russell 200 Index and the Russell Mid Cap Index which management believes to be undervalued. Equity holdings will generally be between 90 - 100% of the portfolio, but may be less under certain market conditions.

Small Cap Value Style seeks growth of capital by investing in equity securities of companies with market capitalization generally within the Russell 2000 Index which management believes to be undervalued. Equity holdings will generally be between 90 - 100% of the portfolio, but may be less under certain market conditions.

Mid Cap Value Style seeks growth of capital by investing in equity securities of companies with market capitalization generally within the Russell Mid Cap Index which management believes to be undervalued. Equity holdings will generally be between 90 - 100% of the portfolio, but may be less under certain market conditions.

Small-Mid Cap Value Style seeks growth of capital by investing in equity securities of companies with market capitalization generally within the Russell 2000 and Russell Mid Cap Index which management believes to be undervalued. Equity holdings will generally be

between 90 - 100% of the portfolio, but may be less under certain market conditions.

Balanced 80 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 65 - 95% Equity and 5 - 35% Fixed Income / Money Market.*

Balanced 70 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 55 - 85% Equity and 15 - 45% Fixed Income / Money Market.*

Balanced 60 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 45 - 75% Equity and 25 - 55% Fixed Income / Money Market.*

Balanced 50 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 35 - 65% Equity and 35 - 65% Fixed Income / Money Market.*

Balanced 40 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 25 - 55% Equity and 45 - 75% Fixed Income / Money Market.*

Balanced 30 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 15 - 45% Equity and 55 - 85% Fixed Income / Money Market.*

Balanced 20 Style seeks to conserve the investors' initial principal, pay current income and promote long-term growth of both the principal and income. Equity securities generally have market capitalizations within the Russell 3000 Index which management believes to be undervalued. Fixed Income securities do not necessarily conform to a single index. The asset allocation will generally be 5 - 35% Equity and 65 - 95% Fixed Income / Money Market.*

Fixed Income Style seeks to conserve the investors' initial principal and pay current income. Fixed Income securities will generally represent 90 - 100% of the portfolio. Investments may include corporate, government, government agency, convertible bonds and bond funds, as

well as preferred stock and convertible preferred stock.*

* For all Balanced and Fixed Income management styles/strategies, EBS generally deems preferred stock, convertible preferred stock, and convertible bonds to be Fixed Income investments. In addition, short term bond funds, as well as the Eubel Brady & Suttman Income & Appreciation Fund ("EBS Income & Appreciation Fund") and Eubel Brady & Suttman Income Fund ("EBS Income Fund") may be utilized for the Balanced styles/strategies.

EBS Income & Appreciation Style seeks to provide total return through a combination of current income and capital appreciation by investing in the EBS Income & Appreciation Fund. Allocation will generally be 95 - 100% to this fund.

EBS Income Style seeks to preserve capital, produce income and maximize total return by investing in the EBS Income Fund. Allocation will generally be 95 - 100% to this fund.

Mutual 100 Style seeks growth of capital by investing in mutual fund companies that generally share similar investment philosophies with EBS. The defining factors for fund selection include consistency of investment philosophy, stable management, low turnover, and performance over a long time horizon. Allocation will generally be between 95 - 100% in equity style mutual funds.

Mutual 75 Style seeks to conserve the investors' initial principal and promote long-term growth of both the principal and income by investing in mutual fund companies that generally share similar investment philosophies with EBS. The defining factors for fund selection include consistency of investment philosophy, stable management, low turnover, and performance over a long time horizon. Allocation will generally be between 70 - 80% in equity style mutual funds and 20 - 30% in fixed income mutual funds.**

Mutual 50 Style seeks to conserve the investors' initial principal and promote long-term growth of both the principal and income by investing in mutual fund companies that generally share similar investment philosophies with EBS. The defining factors for fund selection include consistency of investment philosophy, stable management, low turnover, and performance over a long time horizon. Allocation will generally be between 40 - 60% in equity style mutual funds and 40 - 60% in fixed income mutual funds.**

Mutual Fixed Style seeks to conserve the investors' initial principal and pay current income by investing in mutual fund companies that generally share similar investment philosophies with EBS. The defining factors for fund selection include consistency of investment philosophy, stable management, low turnover, and performance over a long time horizon. Allocation will generally be between 95 - 100% in fixed income mutual funds.

Mutual International Style seeks growth of capital by investing in international mutual fund companies that generally share similar investment philosophies with EBS. The defining factors for fund selection include consistency of investment philosophy, stable management, low turnover, and performance over a long time horizon. Allocation will generally be between 95 - 100% in equity style international mutual funds.

Money Market Style seeks to conserve the investors' initial principal and pay current income. Allocation will generally be between 90 - 100% in money market mutual funds.

** Where possible, EBS will generally use its mutual funds for the fixed income component of the Mutual 75 and Mutual 50 styles.

While no investment strategy is free from risk, the level of risk associated with each strategy of management is typically defined by the amount of stock held in the portfolio. Investors who hold higher levels of stock generally assume greater risk.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed funds and securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Private placements offered by firms that meet EBS's investment criteria

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry/sectors. However, EBS does not accept client restrictions on the types of securities that may be held within mutual funds purchased for client portfolios.

In certain circumstances, and when consistent with its fiduciary duties, EBS may determine that certain types of securities, or securities within certain industries, should not be held in the portfolios of certain types of clients, even though the client has not restricted such purchases. For example, adverse tax consequences could exist for certain types of clients if securities generating Unrelated Business Taxable Income were included in those clients' portfolios. Under these circumstances, holdings may differ among clients investing in the same management style.

Manager Selection and 401(k) Services: EBS may assist a client in selecting a money manager who provides portfolio management styles not offered by EBS. EBS will periodically review the selected manager's performance with the client and, if appropriate, will suggest reallocating assets among managers or replacing the recommended manager.

EBS may assist a 401(k) plan in identifying appropriate funds for its plan offerings. When appropriate to the needs of the plan, EBS may offer one or more EBS-managed portfolios as investment selections.

In addition, EBS may provide consulting (non-discretionary) services as it relates to advice

and recommendations on certain matters pertaining to the investment of Plan assets. These services are separate and distinct from EBS's discretionary investment management services.

Potential Additional Retirement Services Provided Outside of the Agreement: In providing services to Retirement Plans, EBS may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from EBS not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover ("IRA Rollover"). EBS will not, however, solicit services from plan participants or beneficiaries when providing services to a Retirement Plan. If EBS is providing services to a Retirement Plan, EBS may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, EBS may provide the participant or beneficiary with a written explanation of the options available to the plan participant or beneficiary. Any decision to affect the rollover (or about what to do with the rollover assets) remains solely with the participant or beneficiary.

Charitable Foundation Accounts: EBS may provide advisory services to one or more charitable foundations. Should charitable giving be appropriate for and desired by a client, EBS may suggest the use of the charitable funds for which it is one of several investment managers. EBS receives no compensation from the charitable foundations for suggesting their use. If a client chooses to contribute assets through a charitable foundation and also designates EBS to manage that client's charitable foundation account, EBS will receive typical compensation from the client for managing those assets. No client is obligated to use a foundation suggested by EBS for charitable giving or to use EBS to manage assets in a charitable foundation account.

Other Services: In addition to the services described above, EBS, either independently or with certain professional partners, may assist existing and potential clients with ancillary services that include, but are not limited to: business succession planning; aviation planning; estate planning; and behavioral assessments. No fees are charged for these services and they are separate and distinct from the firm's discretionary investment management services.

Partnerships

While EBS may solicit investments in the following partnerships from advisory clients for whom they may be suitable, EBS will not recommend investments in them as part of EBS's discretionary management services. No client is obligated to invest in any of these partnerships.

Some of the principals are General Partners of **EBS Partners, L.P.** The Partnership primarily invests in stocks, bonds, and cash equivalents. Equities are generally of small, medium and large capitalization companies. The books and records of the partnership are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Partners.

Limited Liability Companies

While EBS may introduce these limited liability companies to qualified EBS clients who are interested in these types of investments, EBS will not recommend investments in them as part of EBS's discretionary management services. No client is obligated to invest in any of these limited liability companies.

EBS is the Manager of **EBS First Lien Fund, LLC** ("EFLF"), a private pooled investment vehicle that originates and holds loans and owns residential real estate assets. EFLF does not invest in securities held in EBS-managed portfolios and EFLF will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Members.

EBS is the Manager of **EBS Residential Development Fund, LLC** ("ERDF"), which invests in developed lots and undeveloped land zoned for single family residential real estate located primarily within a 100 mile radius around Cincinnati, Ohio, including Indianapolis, IN and Columbus, OH. ERDF does not invest in securities held in EBS-managed portfolios and ERDF will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to Members.

EBS is the Manager of **EBS Austin Landing Fund, LLC** ("EALF"), which was formed to participate with the Developer to invest in, develop, own and operate Austin Landing, a mixed use project located at the Interstate 75 and Austin Boulevard interchange in Montgomery County, Ohio. The project's development continues to advance and includes office, retail, entertainment, hospitality and apartments. EALF does not invest in securities held in EBS-managed portfolios and EALF will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Members.

Credit Facility Investment, LLC ("CFI"), managed by EBS, was formed to participate in a Senior Secured Term Loan. As Manager, EBS receives a management fee at an annual rate of 0.7% of the principal balance of the Term Loan, paid quarterly. CFI does not invest in securities held in EBS-managed portfolios and CFI will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Members.

EBS Senior Living Fund, LLC ("SLF"), managed by EBS, was formed to develop, own and operate senior living communities through joint ventures with operators. SLF does not invest in securities held in EBS-managed portfolios and SLF will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Members.

EBS is the Manager of **EBS Residential Development Fund II, LLC** ("ERDF2"), which invests in undeveloped land zoned for single family residential real estate. ERDF2 does not invest in securities held in EBS-managed portfolios and ERDF2 will not be held in portfolios managed by EBS. The books and records of the company are audited annually by an independent PCAOB registered accounting firm and a copy of the Auditor's report is provided to the Members.

Some of the principals of EBS are members of **EBS Investments, Ltd. ("EBSI")**. The company primarily invests in real estate and private companies. EBSI does not have general partner, or managing member interests in entities for which EBS solicits its Clients' participation.

Some of the principals of EBS are members of **SBE Investors, LLC ("SBE")**. The company primarily invests in private and public companies. SBE does not have general partner, or managing member interests in entities for which EBS solicits its Clients' participation.

Investment Companies

EBS is the investment adviser to the **EBS Income & Appreciation Fund ("EBSZX")** and the **EBS Income Fund ("EBSFX")**, each a series of the Eubel Brady & Suttman Mutual Fund Trust ("Trust"). EBSZX is managed in a manner similar to the former Convertible Strategy. EBSFX is managed in a manner similar to the Fixed Income Style. The Trust, and therefore each fund, satisfies the criteria of a Qualified Institutional Buyer ("QIB"). A QIB is an entity that manages at least \$100 million of securities on a discretionary basis. As QIBs, the funds are eligible to purchase investments that may not be available to individual clients. Only EBS clients may invest in the funds, and only Charles Schwab and certain bank accounts are currently eligible to hold shares of the funds (although other custodians may be eligible to hold shares of the funds in the future). Please see Item 5 "Termination of the Advisory Relationship" for additional information regarding termination of accounts holding shares of EBSZX and/or EBSFX. EBS will generally use EBSZX in managing portfolios within the EBS Income & Appreciation Style and EBSFX in managing portfolios within the EBS Income Style, and either or both funds in managing the non-equity portion of its Balanced, Mutual 75 and Mutual 50 Styles.

AMOUNT OF MANAGED ASSETS

As of 12/31/2016, we were actively managing \$1,167,067,730 of clients' assets on a discretionary basis, which includes the assets held in the EBS Income & Appreciation Fund and the EBS Income Fund (the "Funds"), along with shares of the Funds held in separately managed accounts.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Fees are based upon a percentage of the market value of all assets in the client's account(s) on the last trading day of each calendar quarter and are subject to the following negotiable fee schedules:

BALANCED PORTFOLIOS

Annual Rate		Asset Amount
1.00%	First	\$1,000,000
0.80%	Next	\$1,500,000
0.70%	Above	\$2,500,000

EQUITY ALL-CAP, LARGE AND MID-LARGE PORTFOLIOS

Annual Rate		Asset Amount
1.00%	First	\$2,500,000
0.80%	Next	\$2,500,000
0.70%	Above	\$5,000,000

SMALL, SMALL-MID OR MID-CAP PORTFOLIOS

Annual Rate		Asset Amount
1.00%	First	\$ 5,000,000
0.80%	Next	\$ 5,000,000
0.70%	Above	\$10,000,000

FIXED INCOME PORTFOLIOS

Annual Rate		Asset Amount
1.00%	First	\$1,000,000
0.80%	Next	\$1,500,000
0.70%	Above	\$2,500,000

MUTUAL FUND PORTFOLIOS

Annual Rate	
0.50% to 0.70%	Flat

EBS Mutual Funds: EBS does not charge the EBS Income & Appreciation Fund or EBS Income Fund an investment advisory fee. The value of fund shares held by a client is included in their separately managed account, and EBS's compensation is governed by the client/EBS investment advisory agreement. Fund investors will pay (through the fund) an administrative fee to the independent fund administrator. See the funds' prospectus for complete details; copies are available upon request. EBS does not receive any separate compensation from client investments in the funds. As QIBs, the funds have an investment opportunity set that is deeper and broader than would be available to most individual investors. We believe this expanded opportunity set justifies the administrative expense.

Limited Negotiability of Advisory Fees: Although EBS has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated

future additional assets, related accounts, portfolio style, account composition, and reporting, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annual fee rate.

Discounts, not generally available to our advisory clients, may be offered to family members of associated persons of our firm and former employees.

Clients may elect to have fees deducted from the managed investment account at the elected custodian or from another account managed by EBS. Clients may also request to pay fees directly from the managed investment account or outside of the account from other sources. Fees are payable quarterly in advance. In some instances, fees may be charged and paid in arrears.

GENERAL INFORMATION

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which EBS effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Firm Brochure for additional information.

Mutual Fund Fees (non-EBS mutual funds): All fees paid to EBS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. 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 mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Certain funds charge transaction fees while others do not. Because we attempt to manage the accounts in a cost effective manner, funds purchased will vary depending on the size of the account.

Manager Selection and 401(k) Services: EBS charges the client an annual fee of 0.50% of assets managed by the selected manager for this service, billed quarterly in advance; however, this fee may be negotiated based on the nature and complexity of the client's circumstances. EBS does not receive any form of compensation from the selected manager(s).

EBS may offer one or more EBS-managed portfolios as investment selections when assisting a 401(k) plan in identifying investments for its plan offerings when appropriate to the needs of the plan. Due to the unique nature of each plan's circumstances, fees will be negotiated on a plan by plan basis.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon written notice to the other. Upon termination of any account, any prepaid management fees will be refunded on a pro-rated basis for the time

remaining until the end of the quarter. For accounts holding EBSZX and/or EBSFX, we intend to liquidate shares of the Fund(s) prior to termination as clients must have a discretionary advisory agreement with EBS in order to invest in the Funds pursuant to the Funds' prospectus.

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.

Fair Market Value: When an asset is not priced by a third party pricing service or when EBS disagrees with a third party pricing service's price, "fair value" measures are applied. Due to the subjective nature of "fair value" inputs, conflicts can arise in establishing a value. EBS's Valuation Committee considers various factors in an effort to address the subjective nature of inputs and conflicts, which may include, but are not limited to: company or project fundamentals, anticipated cash flows, interest rates, credit spreads and general industry climate.

Please see Item 6 below for information regarding Performance-Based Fees.

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

Performance-Based Fees

Fees may be charged at negotiated rates in some circumstances including incentive compensation or performance-based fees if investors meet certain eligibility requirements. The entities listed below have a performance-fee element which may create an incentive for EBS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. On occasion, an existing client may withdraw funds from another strategy that does not charge a performance-based fee to participate in an investment with performance-based fees. The client must fully understand the proposed method of compensation and how it differs from paying regular investment advisory fees, along with its risks, prior to entering into the contract.

In addition, EBS may have an incentive to allocate securities to accounts paying a performance-based fee. This potential conflict is addressed by ensuring that the trade allocation procedures described in Item 12 are applied to all clients.

THESE PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940.

The General Partners of **EBS Partners, L.P.** receive an annual incentive allocation of profits in lieu of traditional fees. This incentive allocation totals 20% of the profits in excess of a 6% annual, cumulative preferred return. An annual administrative fee of 1/10 of 1% of assets is charged quarterly (.025%) based on beginning period assets.

In circumstances where a separately managed investment advisory account is managed in a style similar to the limited partnership, both the separate account and the limited partnership will be traded alongside each other when firm wide trades are being executed. EBS has developed allocation procedures (further described in Item 12) to ensure that no account will be favored over another. These procedures are tested as part of EBS's annual compliance review.

The Manager of **EBS First Lien Fund, LLC** will receive a Manager Priority Return after Investing Members receive their Priority Return. Once the Investing Member's and Manager's

Priority Return have been satisfied, in that order, profits will be split 85% to Investing Members and 15% to the Manager.

In addition to receiving a fixed fee of 6% of the gross sales price of lots, the Manager of **EBS Residential Development Fund, LLC**, will receive an incentive fee only after Investing Members have received distributions equal to a 10% internal rate of return on a specific property of an amount up to (i) 30% of cash available for distribution on such property until Investing Members have received total distributions with respect to the specific property which results in a 15% internal rate of return, and thereafter (ii) 50% of any remaining cash available for distribution on such property. The Manager may share with a development partner a portion or all of the incentive and fixed fees described above.

The Manager of **EBS Austin Landing Fund, LLC** will receive a Manager Priority Return after Investing Members receive their Priority Return. Once the Investing Member's and Manager's Priority Return have been satisfied, in that order, profits will be split 92% to Investing Members and 8% to the Manager. The Manager also receives a 1% supervisory fee on gross rents collected.

Effective January 1, 2016, the Developer resigned from service agreements and VisCap Development, LLC ("VisCap", a wholly owned subsidiary of EBS) entered into substantially similar agreements, as unanimously approved by the owners of the Joint Venture.

The Manager of **EBS Senior Living Fund, LLC** will receive a Manager Priority Return after Investing Members receive their Priority Return. Once the Investing Member's and Manager's Priority Return have been satisfied, in that order, profits will be split 70% to Investing Members and 30% to the Manager.

VisCap will act as owner's representative in connection with the development of the properties and will be paid a fee of up to 2% of each property's hard construction costs. In some cases, the developer may subcontract some or all of its development services and cede development fees to VisCap, but in no case shall VisCap's total development fees exceed 5% of all direct and indirect costs. This fee will be split among the parties based on the level of services provided by each, as agreed upon.

The Manager of **EBS Residential Development Fund II, LLC** will receive an incentive fee only after Investing Members have received distributions equal to an 8% internal rate of return (IRR) on their capital contributions of an amount up to (i) 100% of the distributions until total distributions result in a 10% IRR, and thereafter (ii) 20% of any remaining cash available for distribution. The Manager may share with a development partner a portion or all of the incentive fees described above. In addition, the Manager will receive fixed fees of 0.80% per annum on called capital allocated to each project.

Fees and expenses charged by these funds to their investors are entirely separate and distinct from any advisory fees charged by EBS to its advisory clients.

EBS Mutual Funds

In circumstances where a separately managed investment advisory account is managed in a strategy that is similar to how the **EBS Income & Appreciation Fund** and/or **EBS Income Fund** ("Fund" or "Funds") is managed, the separate account and the Fund(s) will be traded alongside each other when firm wide trades are being executed. EBS has developed allocation procedures (further described in Item 12 of this Brochure) to ensure that no account will be favored over another. These procedures are tested as part of EBS's annual

compliance review.

Item 7 Types of Clients

EBS generally provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Other pooled investment vehicles (e.g., limited partnerships)
- Trusts, estates or charitable organizations
- Corporations or other businesses not listed above
- Investment Companies

Generally, the minimum amount of assets for establishing a new relationship is \$100,000. These minimums may be waived in some circumstances.

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

METHODS OF ANALYSIS

EBS subscribes to various economic and financial databases and Internet-based services. We **primarily** use the following method of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to calculate the intrinsic value of a security by looking at the financial condition and management of the company itself, in addition to other economic and financial factors (e.g. industry conditions) to determine if the company is undervalued (indicating it may be a good time to buy) or overvalued (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 security.

We **do not** consider the following methods of analysis to be significant, but we may utilize them in **limited** certain circumstances:

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.

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 underperform regardless of market movement.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors (not readily measurable) such as quality of management, labor relations, strength of research and development and insider ownership.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. For clients investing in one of our Balanced management styles, we

attempt to identify an appropriate ratio of equity and fixed income securities and cash that we believe is suitable to the client's investment goals and risk tolerance.

An investor in one of these strategies may not experience the same account appreciation or depreciation as would an investor in all equities.

Risks for All Forms of Analysis. Our securities analysis methods rely 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 alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information, or we may be incorrect in our conclusions.

INVESTMENT STRATEGIES

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

Long-Term Purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. It is our belief that a portfolio strategy focusing on long-term purchases has the best chance of a successful outcome for clients. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class or economic sector 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 advantage of short-term price fluctuations that could be profitable for a client. Moreover, if our analyses are incorrect, a security may decline sharply in value before we make the decision to sell.

We **do not** consider the following strategies to be significant, but we may utilize them in **limited** certain circumstances:

Short-Term Purchases. When utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We may do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We may purchase securities with the idea of selling them very quickly (typically within 30 days or less). We may do this in an attempt to take advantage of our expectations of brief price swings.

Short Sales. We may borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On a future date, we buy the same stock and return the shares to the original owner. We may engage in short selling based on our belief that the stock will decline in price after we have borrowed and sold the shares. If we are correct and the stock price has declined since the shares were borrowed from the original owner and sold, the client account realizes the profit.

Margin Transactions. We may purchase stocks for your portfolio with money borrowed from your brokerage account. This may allow you to purchase more stock than you would be able to with your available cash or to withdraw funds without selling securities, and may allow us to purchase stock when sufficient cash is not available or we are waiting for the sale of other holdings to settle. When utilizing this strategy, the account may be on margin for a short period of time.

Options. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date (American Options). An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the price of the asset will increase before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the asset will decrease before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a security; in other words, we may use an option purchase to limit the potential downside of a security we have purchased for your portfolio.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Risks commonly associated with the types of investment vehicles in which EBS primarily invests for its clients include, but are not limited to:

Market Risk. The return on and value of an equity security will fluctuate in response to stock market movements. Stocks and other equity securities are subject to market risks, such as a rapid increase or decrease in a stock's value or liquidity, and fluctuations in price due to earnings, economic conditions and other factors beyond EBS's control. A company's share price may decline if a company does not perform as expected, if it is not well managed, if there is a decreased demand for its products or services, or during periods of economic uncertainty or stock market turbulence, among other circumstances.

Call Risk. During periods of falling interest rates, issuers of callable bonds may repay securities with higher interest rates before maturity. This could cause an account to lose potential price appreciation and reinvest the proceeds at lower interest rates.

Credit Risk. Deterioration in the financial condition of an issuer of a security or deterioration in general economic conditions could cause an issuer to fail to make timely payments of principal and interest, when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may affect its value.

Interest Rate Risk. The price of a fixed income security is generally expected to decline during periods of rising interest rates. The magnitude of these fluctuations will generally be greater with fixed income securities with longer maturities and/or lower quality ratings.

Liquidity Risk. Liquidity risk is the risk that a security cannot be sold at an advantageous time and/or price. If a fixed income security is downgraded or drops in price, the market demand may be limited, potentially making that security difficult to sell. Additionally, the market for certain securities may become illiquid under adverse market or economic conditions, independent of any specific adverse changes in the conditions of a particular issuer.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, EBS and its clients may become more susceptible to operational, financial and reputational risks through breaches in cybersecurity. Cybersecurity incidents can result from intentional or unintentional events and can include, but are not limited to, the unauthorized acquisition, disclosure or use of unencrypted data (or encrypted data and the confidential process or key used to decrypt the data) capable of compromising the security, confidentiality or integrity of personal information, denial of service attacks, and infections from computer viruses. Although EBS has established administrative, technical and physical safeguards reasonably designed to mitigate risks related to these types of incidents, a breach could result in the loss or theft of client data or funds, loss or theft of proprietary information or firm data, inability to access electronic systems, or physical damage to a computer or network system.

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.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

As described in Items 4 and 6, EBS is the Investment Adviser to two mutual funds, in addition to Manager of several limited liability companies (LLCs) and General Partner of a limited partnership (LP) formed for investment purposes. As appropriate, our advisory clients may be solicited to invest in such mutual funds, LLCs and/or LP by employees of the firm.

Information about these affiliated entities can also be found on Schedule D of Form ADV, Part 1 at Item 7.B.(1), where applicable. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

For additional information about either of the mutual funds or any of the LLCs or partnership, including investment objectives, risks, and fees and expenses, clients should refer to the appropriate entity's Prospectus or Private Offering Memorandum, respectively.

Clients should be aware that the receipt of additional compensation from the LLCs or partnership by EBS creates a conflict of interest in that certain employees may spend between 10 - 80% of their time on activities involving these investments. EBS endeavors at all times, however, to put the interests of its advisory clients first as part of our fiduciary duty as a registered investment adviser. Accordingly, we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for EBS to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to invest in any of these entities;

- We collect, maintain and document accurate, and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Periodic reviews of each advisory account are conducted to verify that recommendations made to a client are suitable to the client's needs and circumstances. Please see Item 13 for additional information regarding reviews of accounts; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

In addition, we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics pursuant to SEC rule 204A-1 which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

EBS and our personnel owe a duty of loyalty, fairness and good faith toward 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 employees. 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 by our access persons. Our code also provides for oversight, enforcement and recordkeeping provisions.

EBS's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information both in a personal and/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 terri@ebs-asset.com, or by calling us at 937-291-1223.

Our Code of Ethics is designed to ensure that the personal securities transactions, and 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.

Employees may buy or sell securities for their personal accounts identical to or different from those recommended to our clients as long as the transaction does not in any way conflict with, or is detrimental to, the interests of our clients.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared on a pro rata basis or as pre-determined between the client and broker/dealer or custodian, or as negotiated by EBS. In the instances where there is a partial fill of a particular batched order,

we will follow our transaction and allocation procedures as further described in Item 12. Our employee accounts may be included in the pro rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Access persons (principals and those employees in the trading, research, operations and information technology departments, or who otherwise have access to the firm's Buy Lists) are required to pre-clear certain trades to ensure that personal securities transactions are not conducted within three trading days prior to a client-wide buy or sell for the same security(ies).
- Our firm requires prior approval for any IPO or private placement investments by employees of the firm.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each employee of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to penalties including termination.

Management of the EBS Income & Appreciation Fund and the EBS Income Fund is governed by the Trust's section 17j-1 Code of Ethics, which is also available upon request.

Item 12 Brokerage Practices

Research and Other Soft Dollar Benefits: As a matter of firm policy and practice, EBS does not utilize soft dollars (commissions generated from clients' accounts) to pay for any research products or services. While broker-dealers may send EBS research materials in the normal course of business, the receipt of such materials is not considered when determining the broker-dealer to be used in placing client transactions. EBS neither makes nor has any arrangements or commitments with any broker-dealer to compensate any firm for the research obtained. As our firm does have discretionary authority for brokerage, EBS could use brokerage commissions to obtain research. A potential conflict of interest arises between the client's interest in obtaining best execution and EBS's interest in continuing to receive research from any firm.

Brokerage for Client Referrals: EBS may receive client referrals from broker-dealers; in this situation a conflict of interest may exist between the client's interest in receiving best execution and EBS's interest in receiving future referrals from that broker.

Discretionary Brokerage and Directed Brokerage with Prime Broker Capability: In situations where EBS has the authority to determine the broker or dealer to be used, EBS will arrange for the execution of securities transactions for a client's account through brokers or dealers that EBS reasonably believes will provide best execution. In selecting a broker or dealer, EBS may consider, among other things, the broker or dealer's execution capabilities, reputation, access to the markets for the securities being traded, and ability to settle and step out trades. EBS generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions for the account. Certain relatively simple transactions may be executed through brokers that specialize in more complex transactions in order to maintain reliable access to those brokers when complex transactions are required; the clients whose transactions are executed through such brokers may not necessarily be the same clients for whom complex transactions are required. EBS may, in its discretion, cause the account to pay commissions greater than another qualified broker might charge where EBS determines in good faith that the commission is reasonable in relation to the value and timeliness of the brokerage and services received.

Directed Brokerage: Clients may direct EBS in writing to use a particular broker, dealer and/or custodian to execute all transactions for client's account. In that case, the client must negotiate terms and arrangements for the account with that broker, dealer and/or custodian. As such, EBS will not seek other or better execution services or prices. This may adversely affect EBS's ability to "batch" orders and clients' commissions, transaction costs, spreads or net prices. In addition, when the client directs EBS to use a specified broker/dealer or participates in a wrap fee program, EBS may not be able to effectively participate in secondary or initial public offerings or private placements. This inability may adversely impact performance.

If a client negotiates a commission rate with a directed broker that is based on a percentage of the broker's standard fee schedule, EBS may not have sufficient information to determine if the brokerage firm is applying the discount correctly. In this situation, the client should independently verify that the proper rates are being applied.

If a client's directed broker or custodian allows step-out trading, EBS may include that client's trades for execution in a "batched" order executed by another brokerage firm, provided that EBS can meet its duty of best execution. In this situation, the client will not pay commissions to the executing firm; rather, the client's custodian or brokerage firm will apply its transaction or commission cost, if any, based on the arrangement between the client and such firm. The commissions charged to clients in such step-outs may differ from the commission charged by the executing broker. If a client's custodian does not allow step-out or prime brokerage trading, execution may be adversely affected.

Transaction and Allocation Procedures: Transactions may be effected independently for each client, or "batched" with other client orders to obtain best execution, commissions or transaction costs. The spirit of batching and aggregating client and proprietary orders is to provide best execution for all orders.

"Batched" orders are allocated randomly by brokerage/custodial firm. At any time a firm that allows discretionary brokerage or step-outs is reached in the randomly created allocation order, all firms that allow discretionary brokerage or step-outs may be filled.

Although clients participating in a batched order receive the identical execution price as other clients participating in the batched order, clients may pay disparate commission rates. Please refer to the discussion of step-out trading under the "Directed Brokerage" section above.

If an executing broker has more share volume available than necessary to fill orders placed with such broker or the broker brings the volume to EBS, then all client orders capable of being executed by such broker may be executed. If custodians do not allow such execution, then clients' execution price may be adversely affected.

EBS may batch and aggregate client and proprietary orders from time to time. Consistent with regulatory guidelines, EBS has policies and procedures for handling these situations. These policies and procedures include:

- No advisory client/proprietary order is favored over any other account participating in the batched order.
- All client and proprietary accounts participating in the aggregate order on the same day shall receive an average execution price with all other transaction costs either shared on a pro rata basis or as predetermined between client and broker/dealer or custodian, or as negotiated by EBS.
- Trades are typically allocated by using a randomizing program to determine the sequence in which trades will be placed for client accounts (grouped by designated broker or custodian). Clients who have given EBS the discretion to determine the broker will be included with the first broker in the random selection that permits trading away. Partial fills within a brokerage group will be allocated according to a random selection of the clients within that brokerage group. In certain circumstances (including but not limited to transactions in private placements), EBS may determine that a pro rata allocation of a batched trade, rather than a random allocation among brokerage firms, is appropriate.

In certain circumstances, the trade rotation may be adjusted to take advantage of a batched trade that is available in a limited timeframe.

Also in certain circumstances, the trade rotation may be adjusted to facilitate client directed trades, such as full liquidations, as long as the trade is not deemed to be material.

While orders will typically be allocated proportionately to the size of a client's portfolio, additional factors including availability of cash in client accounts or underexposure to the type of security being purchased may also result in adjustments to the allocation.

Trades are typically placed in the order they are received, however, if in the course of structuring an order among a large group of clients, if a less complex order is received, the less complex order may be given preference at EBS's discretion.

In certain circumstances, clients investing in the same management style may have different fee arrangements (entities described in Items 4 and 6, for example, may be charged a performance-based fee while separately managed accounts may not). In this circumstance, a potential conflict exists in that EBS may have an incentive to allocate securities to the accounts potentially paying the higher fees. EBS addresses this potential conflict by ensuring that the trade allocation procedures listed above are applied to all clients.

EBS participates in initial public offerings, private placements and secondary offerings, based on suitability for a specific strategy and client. Clients may elect not to participate in these securities. Certain clients may be ineligible for IPO or private placement transactions under SEC rules. Participation in these securities may or may not enhance returns.

EBS does not typically purchase IPOs with the intent of "flipping" these shares for short-term profits (although EBS may do so if circumstances warrant). As a value manager, EBS purchases shares of companies it believes are good long-term investments. Accordingly, EBS may purchase shares in the secondary market for clients who were unable to participate in the IPO or who did not receive the desired allocation of the IPO. In this situation, the securities purchased on the secondary market may only be available at a higher price than was offered for the IPO.

ADDITIONAL BROKERAGE PRACTICES: As a matter of firm policy and practice, EBS does not engage in any principal transactions.

EBS may invest client assets in brokerage firms when appropriate. EBS may also use these same brokerage firms to execute client transactions when doing so is consistent with EBS's duty of best execution. In addition, EBS may invest client assets in investments that have been underwritten by these brokerage firms when appropriate. EBS will only invest in both a brokerage firm and the securities it underwrites when both investments are believed to be in the best interests of EBS's clients.

In certain circumstances, the underwriter of an IPO will provide EBS with a list of specific broker-dealers with which the underwriter will share the underwriter's selling concession. EBS has no role in determining which broker-dealers are included on this list. The underwriter will require that EBS determine which of the broker-dealers on the list will receive a percentage of the underwriter's selling concession generated by transactions for EBS's clients. In this situation, if the underwriter has included broker-dealers that have provided EBS with research and/or have referred clients to the firm, EBS may instruct the underwriter to share the selling concession with these brokers. The designation of any broker-dealer to share in the selling concession has no impact on the share price or transaction cost paid by the client.

Clients in wrap fee programs pay the broker-dealer fees in lieu of commissions, and EBS may be deemed an investment adviser within a wrap fee program. EBS does not sponsor any wrap fee programs.

Because certain securities included in client portfolios may rapidly increase or decrease in price, a particular holding may quickly exceed client restrictions on the maximum exposure for a single security in a client's portfolio. In this situation, EBS will often bring the holdings percentages back in line over the course of a "cure period" (typically 30 - 90 days) rather than

by trading immediately. The use of a cure period is designed to reduce trading volume and to prevent divestiture of clients' holdings solely due to the effects of brief market swings.

In certain circumstances, and when consistent with the best interests of all clients involved, EBS will enter buy and sell orders for the same security simultaneously. As these trades raise a potential conflict of interest for EBS in that EBS could obtain a price for the securities that favored buyers over sellers or vice versa, these orders are placed through an unaffiliated broker-dealer so that the price paid and received by each client is independently and objectively determined.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: EBS uses a team approach to investment decision-making. The Investment Policy Committee sets investment policy and guidelines and consists of the following individuals:

Ronald L. Eubel - Co-CIO

Mark E. Brady - Co-CIO

Robert J. Suttman II - President

Kenneth E. Leist - Director of Operations

Paul D. Crichton - Director of Trading

Scott E. Lundy - Executive Vice President, CCO

Aaron Hillman - Senior Securities Analyst

The Research Group as a whole acts as the portfolio manager for all strategies, determining individual security selections for client accounts. The Research Group continuously reviews the securities held in managed client portfolios and consists of the following individuals listed above: Ronald L. Eubel, Mark E. Brady, Kenneth E. Leist, Paul D. Crichton, Scott E. Lundy and Aaron Hillman.

Relationship Managers review client accounts periodically. Accounts are reviewed in the context of each client's selected style of management. 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, proprietary software is utilized routinely to identify securities, sectors and asset classes that fall outside of established ranges for an account(s).

Reviews are conducted by:

Ronald L. Eubel - Co-CIO

Mark E. Brady - Co-CIO

Robert J. Suttman II - President

David K. Ray - COO

Scott E. Lundy - Executive Vice President, CCO

Matthew D. DiCicco - Senior Vice President, General Counsel

Guy R. Henshaw - Vice President

Mary L. Hedrick - Vice President

Kenneth E. Leist - Director of Operations

Paul D. Crichton - Director of Trading

Dawn E. Kramer - Client Relationship Manager

Clients in wrap fee programs should review the program sponsor's disclosure documents for information on client reviews.

REPORTS: In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian and/or brokerage firm, EBS provides written quarterly reports which include: investment performance for multiple time periods, security holdings, percentage of each security and security class with respect to the total portfolio, current yield for each security and the total portfolio and cost basis and market value of the securities and portfolio. EBS may describe Money Market Funds generically rather than specifically on its reports. A money market index yield may be reflected in lieu of a specific fund's yield. Because Russell and Standard & Poor's may classify industries and sectors in a manner EBS believes is inconsistent with companies' operations, EBS may classify companies in a manner we believe to be more consistent with their operations and report them accordingly. Special reports may be available to clients at their request.

CLIENT ACCESS PORTAL: Clients may elect to enroll in paperless delivery of selected account documents via EBS's Client Access portal. Clients may also use the portal to access portfolio and account level data, including historical reports. In addition, clients who hold shares in the EBS Income Fund and/or EBS Income & Appreciation Fund can view the fund holdings via the portal, which are routinely updated as of the last trading day of the prior week.

Item 14 Client Referrals and Other Compensation

It is EBS's policy not to engage solicitors for referring potential clients to our firm.

EBS has an employee (Guy Henshaw) who is compensated based on the amount of separately managed account assets for clients that he introduces to EBS. In addition, certain employees of EBS may be eligible to receive a gift card(s) for referring clients to EBS pursuant to the firm's Referral Incentive Program.

EBS is aware of the special requirements for cash solicitation arrangements under the Investment Advisers Act. Appropriate agreements and disclosures will be maintained, and applicable federal and/or state laws will be observed.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts upon the client's request.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within 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 the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send reports directly to our clients on a quarterly basis (or make them available via our Client Access portal if the client prefers). We urge our clients to carefully compare the information provided on these reports to their custodial statement to ensure that all account transactions, holdings and values are correct and current.

As General Partner and Manager of the pooled investment vehicles described in Items 4 and 6, EBS meets custody reporting requirements to investors in these entities by: providing routine reports directly to all investors; maintaining client securities with qualified custodians; and providing a copy of the annual Auditor's report prepared by an independent PCAOB registered public accountant within 120 days of FYE of the entity. Also, as Manager of its own 401(k) Plan, EBS obtains an annual surprise examination of assets in the Plan by an independent PCAOB registered public accountant as required.

Item 16 Investment Discretion

Clients generally hire us to provide discretionary investment management services, in which case we place trades in a 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 an Investment Advisory Agreement with our firm. Clients may, however, impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors (although EBS does not accept client restrictions on the types of securities that may be held within mutual funds purchased for client portfolios, as described in Item 4).

Item 17 Voting Client Securities

Proxy Voting

We typically vote proxies for all client accounts when given the authority to do so by the client; however, you always have the right to vote proxies yourself. You can exercise this right by indicating your preference to vote proxies when entering into the Investment Advisory Agreement with our firm. EBS will typically vote only those securities in the client's portfolio that are recommended or actively managed by EBS.

To manage proxy voting, EBS has engaged a third-party service who will typically vote all proxies based upon its Summary Proxy Voting Guidelines, which are acceptable to EBS. A copy of these guidelines is available upon request.

Prior to voting any proxy, the third party service will make information available to EBS, including all company meeting/voting dates and an analysis of the meeting agenda. The

meeting analysis is given to the appropriate EBS analyst and a vote determination is made. EBS considers the effect on the long-term value of the company when making voting decisions.

In situations where EBS may have a conflict of interest, the guidelines of the third party service will be followed. In instances where the third party service has a conflict of interest, EBS will independently make the voting decision.

Clients may request a summary of how proxies for his/her shares were voted by contacting Terri King at terri@ebs-asset.com. Any requests will promptly be provided to the client.

With respect to ERISA accounts, we will not vote proxies when the plan documents specifically reserve the plan sponsor's right to vote proxies.

Class Action Monitoring and Securities Claim Filing

The frequency and number of class action filings has increased in recent years. To better manage the monitoring and filing of class action claims, EBS has engaged Chicago Clearing Corporation ("CCC") on behalf of its clients. CCC earns a contingency fee of 15% which is deducted from the settlement due a particular account. Clients may choose not to participate in this service, in which case, neither EBS nor CCC will monitor any class action from which that client may be entitled to receive settlement amounts.

Item 18 Financial Information

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.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. EBS has no additional financial circumstances to report.

EBS has never been the subject of a bankruptcy petition.