

Item 1 – Cover Page

Hudson Valley Investment Advisors, Inc.

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December 31, 2016

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” must be delivered to you as required by the Investment Advisors Act of 1940 (the “Act”) and is a very important document describing the relationship between Clients (hereafter, “you,” “your”) and Hudson Valley Investment Advisors, Inc. (hereafter, “us”, “we”, “our”). This Brochure provides information about our qualifications and business practices.

This brochure provides information about the qualifications and business practices of Hudson Valley Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 925-4572. 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 Hudson Valley Investment Advisors, Inc. also is available at the SEC’s website www.advisorinfo.sec.gov (click on the link, select “investment advisor firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a registered investment advisor regulated by the SEC (“Investment Advisor”). Our registration as an Investment Advisor does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisors) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2 – Material Changes

This brochure updates our role as adviser to a registered investment company under the Investment Company Act of 1940, as amended.

You may obtain a full copy of our ADV Part 2 by:

1. Contacting our Chief Compliance Officer, Mark Lazarczyk at 800-925-4572.
2. Sending a written request to:

Hudson Valley Investment Advisors, Inc.
Attn: Chief Compliance Officer
PO Box 268
Goshen, NY 10924

3. Downloading it by visiting the SEC's public disclosure website (IAPD)
www.advisorinfo.sec.gov.

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Item 4 – Advisory Business

Description of Advisory Services:

Hudson Valley Investment Advisors, Inc. (and its predecessor, Hudson Valley Investment Advisors, LLC) is a United States Securities and Exchange Commission Registered Investment Advisor, which has been serving clients with the same consistent investment strategy and discipline since 1995. In 2012, our firm went through a change involving the sale of the principle assets of Hudson Valley Investment Advisors, LLC (“HVIA,LLC”), a subsidiary of Provident New York Bancorp, to Orange County Bancorp, Inc., (“OCBI” or “Holding Company”). HV Capital Management, the management company for HVIA,LLC and an investment advisor owned by Thomas Guarino was similarly purchased by OCBI. OCBI has kept HV Capital Management, Inc’s SEC registration, has transferred the assets of HVIA,LLC into HV Capital Management, Inc and has changed the name back to Hudson Valley Investment Advisors, Inc. The firm will continue to provide the same proven investment strategy and discipline that has been utilized since 1995.

We provide investment services to a diverse client list. In every case, we give continuous advice to you based on your stated needs. Among the clients served by us are individuals, trusts, estates, corporations, pension and profit sharing plans, charitable institutions, investment companies and banking and thrift institutions. Your account can be managed on both a discretionary and nondiscretionary basis. Where we have discretion, we have discretionary authority regarding the securities to be bought and sold and the timing of transactions. Discretion may extend to the selection of broker-dealers to execute trades for your account. Account supervision is guided by your stated objectives. Assets may be allocated solely to equity and fixed income securities with recommendations, selections, and asset allocations tailored to your overall investment objectives.

Investment advisory services provided to accounts are based on your needs and objectives. These may be established at an initial meeting with us, or through written investment objectives submitted by the Client. At any time, you may impose restrictions on investing in certain securities or types of securities. The relevant facts relating to management of the account are examined and appropriate investment strategies are developed to obtain your desired goals. We will provide, at least annually, a performance analysis of each account. We will meet with you periodically and encourage regular telephone contact and in-person meetings to review objectives and investment strategies.

Investment Company Management

We provide investment advisory services to a mutual fund ("Fund") that is part of Ultimus Managers Trust ("UMT") and is registered under the Investment Company Act of 1940, as amended.

We serve as the investment manager to the Fund and continuously manage the Fund's assets based on the investment goals and objectives as outlined in the Fund's prospectus.

Interested investors should refer to the Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are also available by calling 1-888-209-8710.

Prior to making any investment in the fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Fund.

401K Consulting Services

We provide several advisory services separately or in combination. 401K Consulting Services is comprised of four distinct services. Clients may choose to use any or all of these services.

a) Investment Policy Statement Preparation (Hereinafter Referred To As "IPS")

We will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. We will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

b) Selection of Investment Vehicles

We will review various investments, consisting exclusively of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the Investment Policy Statement.

c) Monitoring of Investment Performance

Client investments will be monitored continuously based on the procedures and timing intervals delineated in the Investment Policy Statement. Although, for most of our plans, we will not be involved in any way in the purchase or sale of these

investments, we will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

d) Employee Communications

Since our clients will have individual accounts with participants exercising control over assets in their own account ("self-directed plans"), we also provide quarterly educational support designed for the Plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Miscellaneous Terms

Prior to engaging us to provide any services, you will generally be required to enter into an advisory agreement that sets forth the terms and conditions of our relationship, describes the scope of the services to be provided, and additional details with respect to the compensation arrangement.

In performing our services, we shall not be required to verify any information received from the client or from the client's other professionals. We are authorized to rely on the information that is given to us. It is your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives for the purpose of reviewing, evaluating and/or revising our previous recommendations and/or services.

No one may assign the Advisory Agreement without the prior consent of the other party. Transactions that do not result in or involve a change of actual control or management are not considered an assignment.

A copy of our written disclosure statement, Part 2 of Form ADV (or an equivalent brochure), will be provided to you prior to or at the time of signing our Advisory Agreement.

Assets Under Management as of 12/31/16

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	\$603,889,930.00	1310
Non-Discretionary:	\$102,232,767.00	72
Total:	\$706,122,697.00	1382

Item 5 – Fees and Compensation

Portfolios with asset allocations including equities, fixed income, and cash equivalents

<u>Rate</u>	<u>Assets Under Management</u>
1.20%	on the first \$1,000,000
1.00%	on the second \$1,000,000
0.80%	on the third \$1,000,000
0.60%	on the fourth & fifth \$1,000,000
0.50%	on balance greater than \$5,000,000

Minimum Fee: \$3,000

Portfolios with only fixed income and cash equivalents

<u>Rate</u>	<u>Assets Under Management</u>
0.60%	on the first \$1,000,000
0.40%	on assets over \$1,000,000

Minimum Fee: \$1,200

Portfolios with only mutual funds

<u>Rate</u>	<u>Assets Under Management</u>
1.00%	on total assets

Minimum Fee: \$500

Portfolios within 401K Plans

<u>Rate</u>	<u>Assets Under Advisement</u>
.75%	on First \$500,000
.50%	on next \$2,500,000
.25%	on balance greater than \$3,000,000

Minimum Fee: \$2,000

While it is our general policy to charge fees to you in accordance with the fee schedules above, such fees may be negotiated in light of special circumstances. In some instances,

we may charge a combination of flat or hourly advisory fees. We may, at our sole discretion, charge a lesser management fee based on special circumstances, such as account or relationship size.

Either party may terminate the advisory relationship at any time by giving the other party thirty days written notice of termination. Fees will be prorated to the date of termination. All fees are charged in arrears.

Fee Payment Options

As indicated in our advisory agreement with you, there are two options you may select to pay for our services:

- Direct debiting (preferred): at the end of each calendar quarter, we will send you an invoice showing the fees accrued for that quarter. The custodian does not validate or check our fee or its calculation on the assets on which the fee is based. They will “deduct” the fee from your Account(s) or, if you have more than one account from the account you have designated to pay our advisory fees.
 - Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to us.
- Pay-by-check: Each quarter, we issue you an invoice for our services and you pay us by check or wire transfer.

Additional Fees and Expenses:

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Fees charged are by the broker dealer / custodian. We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)

- Deferred sales charges (on MF or annuities);
- Wire transfer and electronic fund processing fees;
- Among others that may be incurred.

In addition, we do not have or employ any “Employee” at all that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your account or to which we provide consulting expertise / services. As a result, we are a “fee only” investment advisor.

While we serve as the investment adviser to the Fund, clients who may hold Fund securities in their portfolios are not billed by us on the value of those securities.

Mutual Fund Management Fees: For its services, the Fund pays the Adviser a monthly investment advisory fee (the “Management Fee”) computed at the annual rate of 0.74% of its average daily net assets. Please refer to the Fund’s prospectus and SAI for more complete information on expenses.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above (Item 5).

Item 7 – Types of Clients

We provide our services to a number of Clients:

- Pension Funds & Profit Sharing Plans
- Foundations & Endowments
- Corporations or other business entities
- Individual Retirement Accounts (IRAs)
- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Investment companies
- Banking and thrift institutions

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

Our firm employs the following types of analysis to formulate client recommendations:

Asset Allocation: After consultation and determination of suitable client investment goals and risk tolerance we attempt to identify an appropriate ratio of securities, fixed income, and cash investments that are appropriate.

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

Economic Analysis: We undertake a "top down" analysis or systematic approach to understand the current state of the economic environment. Economic analysis helps provide us with an understanding of current business activity and also points to potential future economic conditions. Our economic outlook will help to support our client's investment positioning. The risk with economic analysis is the fluid nature of the economic backdrop and the changing outlook that occurs both over the short and longer term.

Fundamental Analysis: Involves a review and analysis of financial statements, the health of the business, the company's management team and competitive advantages. It also looks to assess company competitors and the markets that it competes. Markets often misprice securities in the short run with the correct price being reached over the longer term. Often short term price fluctuations occur as investors discount economic news and changes to a company's earnings stream.

We are GARP investors (growth at a reasonable price). Our focus is on large capitalization securities. This type of investing helps to provide a valuation cushion to our stock picks and downside protection to our valuation analysis.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Mutual fund and/or ETF Analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds held in the client's portfolio. We also monitor the

funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

Fixed Income Analysis: There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. Generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

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 to potentially predict future price movement. In technical analysis the charts of market and security activity is reviewed in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

A main risk of Technical analysis is that it 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.

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

Our firm employs the following investment strategies to implement investment advice given to clients:

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

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

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of temporary conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Clients should understand that investing in any securities, including mutual funds and ETFs, involves a risk of loss of both income and principal that they should be prepared to bear.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Advisor relationship, or to continue a Client /Advisor relationship with us.

Item 10 – Other Financial Industry Activities and Affiliations

We are a wholly owned subsidiary of Orange County Bancorp, Inc. OCBI also wholly owns Orange Bank & Trust Company (the “Bank”). Although not material to our servicing of you, certain of our clients may also be Bank clients.

To avoid any potential conflicts of interest, we cannot advise or make any recommendations in regards to Orange County Bancorp, Inc or its stock (OCBI). Purchases or sales of the stock can only be executed with written instructions from our clients. We have also added OCBI stock to our Restricted list. This means no employee of Hudson Valley Investment Advisors, Inc. may purchase or sell Orange County Bancorp, Inc without written approval from the President or Chief Compliance Officer.

There may be referrals between affiliates. Hudson Valley Investment Advisors, Inc. does not receive any compensation for referrals, yet some bank employees may be compensated for referrals.

As described in previous sections, we are the investment adviser to the Fund, an investment company registered under the Investment Company Act of 1940. We established the Fund in 2016 and have continuously been the investment adviser to it since that time. The investment and management personnel of our firm who work on the Fund, report to an independent Board of Directors of the Fund and meet with them on a quarterly basis.

Item 11 – Code of Ethics

As required by regulation (and because it's good business), we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client (or Prospective Client) and to drive home a Culture of Compliance within our firm.

An additional benefit of our Code is to detect and prevent violations of securities laws, including our obligations we owe to you.

Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code with annual training and on-going monitoring of employee activity.

Our Code includes the following:

- Requirements related to the confidentiality of our client information;
- Prohibitions on:
 - Insider trading (if we are in possession of material, non-public information);
 - The acceptance of gifts and entertainment that exceed our policy standards;
- Reporting of gifts and business entertainment;
- Pre-clearance of employee and firm transactions;
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call “reportable securities” as mandated by regulation); and,
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership (they “own” the account or have “authority” over the account), securities held in certificate form and all securities they own at that time).

Our Code does not prohibit personal trading by employees (or our firm). As you may imagine, as a professional investment advisor, we follow our own advice. As a result, we may purchase or sell the same or similar securities (or securities that are suitable for an employee or related account but not suitable for any client, including you) at the same time that we place transactions for your account and the accounts of our other Clients.

To avoid conflicts of, we will the following rules for personal securities transactions:

Client account trades will get priority handling, and personal transactions will only be allowed after client trades are executed. The only exceptions to this will be mutual fund

trades that receive a "close of business" price, that would not be affected by the inclusion of personal transactions, and bond trades whereby the addition of personal securities transactions could give the block trade sufficient size to result in a better price from the bond dealer, benefiting all participants in the transaction.

You may request a complete copy of our Code by contacting us at the address or telephone on the cover page of this Part 2; attn.: Chief Compliance Officer.

Item 12 – Brokerage Practices

General Considerations – selecting / recommending brokers for Client transactions and commission charges:

We have investment or brokerage discretion, or both, for the majority of our clients.

Limitations on the degree of such authority vary and are determined by you.

Broker/Dealers for your accounts are selected within the guidelines of the Best Execution policy, which includes factors such as execution capabilities and/or the quality of a firm's research. The research sought is in-depth fundamental corporate research to assist in analysis. This includes information in the form of written and oral reports, reports accessed by computers or terminals, statistical collations, appraisals, and analysis relating to markets, companies, industries, business and economic factors, market trends, portfolio strategy, and trading insight and intelligence. Materials of a general nature which deal with technical factors, the business cycle, and the economy are also regarded as of value.

Research services are provided by broker/dealers on an ongoing basis and are generally used to benefit all of our client accounts, though not all such services may be used by us in connection with the account which paid commissions to the broker/dealer providing such services.

Typically, with respect to equity transactions, we do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. This means that we will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis. As such, clients must direct us as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Not all advisers require their clients to direct brokerage.

Our firm will typically request the grant of brokerage discretion for fixed-income trades. In cases where our firm has such brokerage discretion, we will endeavor to select those brokers or dealers which will provide the best services at the best possible prices. Where we have brokerage discretion we will seek best execution.

We may recommend that you establish brokerage accounts with Pershing Advisor Solutions LLC a BNY Mellon Company. (Pershing), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Pershing Advisor Solutions LLC provides us with access to its institutional trading and operations services, which are typically not available to retail investors. Pershing provides

custody at no extra charge to clients who choose Pershing as their custodian. We have agreed to maintain a minimum level of assets in custody with Pershing but have no contractual agreement with Pershing to direct commissions to them. We do not receive any fees or other compensation from Pershing as a result of this relationship.

For the Fund's transactions, we accept full brokerage discretion and endeavor to select those brokers or dealers which will provide the best services at the lowest prices and commission rates possible. The reasonableness of commissions is based on the broker's ability to provide expert execution skills, professional services, competitive commission rates, research, timeliness and track record of profitable investment ideas, portfolio strategies, forecasts and other services which will help us in providing investment management services to clients.

Our selected custodian/prime broker charges trade-away fees for most transactions executed through other broker dealers. Consequently, subject to and consistent with our duty of best execution.

Research and Other Soft Dollar Benefits:

It is our policy to avoid soft dollar agreements. However, we do receive services from Pershing Advisor Solutions LLC. Those services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Pershing Advisor Solutions LLC also makes available to us other products and services that benefit us but may not benefit our client's accounts. Some of these other products and services assist us in managing and administering your account. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from our clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained as Pershing Advisor Solutions LLC. Pershing Advisors Solutions LLC may also provide us with other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Pershing Advisor Solutions, LLC may make available, arrange and/or pay for these types of services to us by independent third-parties. Pershing Advisor Solutions LLC may discount or waive fees it would otherwise charge for some of these services or pay all or a

part of the fees of a third-party providing these services to us. The availability of the products and services is not contingent upon our firm committing to Pershing Advisor Solutions LLC any specific amount of business (assets in custody or trading).

Brokerage For Client Referrals – Not applicable

Block Trading Procedures:

We will aggregate client securities transactions for execution when in our judgment, such block trades either enhance or have no adverse consequence on the execution price or the commission costs. Trades are allocated in line with our trade aggregation policy.

When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregate transaction will be deemed to have purchased or sold its share of the security at the average price. The cost incurred by each client is determined by the amount of their allocation. In the event of a partial execution of the aggregate order, we will implement a pro rata allocation system to allocate the executed shares to clients.

Principal Trading - Not applicable

Cross Transactions:

At certain times, when we feel it is in the best interests of our clients, we will recommend a cross transaction of a security between two or more of its advisory clients. Given that in these circumstances a conflict of interest could exist because we advises both the buyer and seller in connection with said transaction, we will pursue a cross transaction only when in our judgment both the interest of the buyer and seller are enhanced.

Item 13 – Review of Accounts

Client Account Review:

Investment policy and strategy are determined by the Investment Policy Committee. This process is ongoing and continuous. Accounts undergo continual review to ensure portfolio securities meet your investment policy and objectives. A formal portfolio review of each account is conducted at least once a year to confirm that performance, diversification and risk levels are appropriate. The Chief Investment Officer will oversee the review process.

We review and monitor the Fund's holdings in accordance with the investment objectives outlined in the Fund's prospectus. The individual securities held in the Fund are monitored in the same way as those held in the individual client accounts.

Client Reporting:

Statements are generated monthly or quarterly, according to your needs by the custodian (Bank, Trust Company, or Broker/Dealer). Statements will contain information pertaining to account activity (buys, sells, interest and dividends, etc.), security positions and valuations. We will provide annually, and more often if required, performance analysis on each account. We meet with you periodically and encourages regular telephone contact and in person meetings to review objectives and investment strategies. Good practice is for you to always compare the statements sent by us to the statement you receive directly from your custodian.

Clients will find information regarding regular reports to the Fund in the Fund's prospectus, as well as information provided to shareholders.

Item 14 – Client Referrals and Other Compensation

Our advisory services are marketed on a direct basis by the firm and through client referrals. Referrals may also be made by other professionals including brokers, broker/dealers, and other investment advisors who may be compensated. Client fees are identical regardless of the source of introduction. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15 – Custody

We do not have full custody of your funds or securities. Our custody is limited to the direct debiting of fees from your account to cover our quarterly fee. At the time, you enter into an agreement with us, you can choose to have your fee debited from your account (the preferred method), or you can choose to pay by check. Our fees are billed in arrears at the end of each calendar quarter. At the end of every quarter, you will receive an invoice for the past quarter's fees. You have three (3) days to review the invoice before any fees are withdrawn from your account.

Pursuant to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission requires us to urge clients to compare the information set forth in statements sent by us with the statements you receive directly from your custodian to ensure that all account transactions are proper.

Item 16 – Investment Discretion

We have investment or brokerage discretion, or both, for the majority of our clients. Limitations on the degree of such authority vary and are determined by you. These may be established at an initial meeting with us, or through written investment objectives submitted by you. At any time, you may impose restrictions on investing in certain securities or types of securities. The relevant facts relating to management of the account are examined and appropriate investment strategies are developed to obtain your desired goals.

Investment discretion is granted to us when you sign our Investment Management Agreement. The authority given includes the ability to:

1. Direct the voting of proxies.
2. Direct custodian to retain income derived from Client's securities, charge any income or principal Account or otherwise retain cash or deal in securities and other property subject to your Agreement to cover overdrafts arising in the course of transactions on your behalf, to pay your fees and disbursements, and to cover all applicable expenses, taxes, and other charges and liabilities, in each case to the extent not paid by you when due.
3. Refer orders for purchases and sales of securities or other property to brokers of your choice, including brokers which are affiliated with you.
4. Purchase and sell securities or other property from and to persons of your choice, including persons affiliated with you.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

Our Proxy voting policies and procedures are required by SEC Rule 206(4)-6 of the Investment Advisors Act of 1940.

Glossary of Terms

A Conflict of Interest is when your best interest and those of our firm or its employees may not be the same.

Non-Routine Proxy Proposals shall mean proxy proposals that the Proxy Manager will forward to the Proxy Committee to be considered on a case-by-case basis. It will be left to the sole judgment of the Proxy Manager to decide what is and what is not a Non Routine Proxy Proposal.

Routine Proxy Proposals shall mean proxy proposals that the Proxy Manager shall cast either yes or no votes without referring it to the Proxy Committee.

A designee of the Senior Portfolio Manager shall be the Proxy Manager.

The Proxy Committee shall be comprised of all portfolio managers and others designated by the committee. A quorum of the Proxy Committee shall be comprised of at least one member.

Principles and Guidelines

Our primary purpose and fiduciary responsibility is to maximize shareholder value, which is defined as share price and dividend appreciation. The Proxy Manager will vote proxies in the best interests of our clients and will generally vote for the recommendations of the Board of Directors and against their recommendations only when we feel it is not in the best interest of our clients with regard to routine proxy proposals. When a non-routine proxy proposal is to be voted on it will be referred to the Proxy Committee for discussion and they will determine by vote how we will vote the proxy.

Conflicts of Interest

From time to time, a conflict of interest may exist between us and our clients regarding the outcome of certain proxy votes. It will be our policy to disclose the conflict of interest to the client and inform the client that they will need to vote the proxy themselves if they disagree with our announced vote.

Record Keeping

A copy of our Proxy Voting Policy and Voting Procedures will be kept in the compliance Manual.

We will keep a Proxy Voting Log of all votes cast by the firm. The log will include the company name, the cusip number, the control number and how the vote was cast for each issue on the proxy. The voting log and the record half of the proxy vote will be kept for an indefinite period of time.

The Compliance Officer will keep a record of all requests for the Proxy Voting and Procedures Policy and how we voted on specific proxies, along with a copy of the response for each request. These records will be kept for an indefinite period of time.

Obtaining More Information

You may obtain a copy of our Proxy Voting Policy and Procedures and a record of our proxy votes free of charge by writing:

Hudson Valley Investment Advisors, Inc
PO Box 268
Goshen, N.Y. 10924

Item 18 – Financial Information

Our fees are billed in arrears at the end of each calendar quarter. We do not charge any fees more than \$1,200 more than six months in advance. Either our firm or you may terminate your agreement at any time and for any reason upon giving the other party thirty days written notice. In case of any termination, we will only charge fees that are prorated to the date the termination becomes effective.

Our firm has no financial condition that impairs our ability to meet our contractual obligations to clients and has never been subject to a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

We are a United States Securities and Exchange Commission Registered Investment advisor.