

Cutler Capital Management, LLC

Form ADV Part 2A

Investment Adviser Brochure

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This disclosure brochure provides clients with information about the qualifications and business practices of Cutler Capital Management, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission (SEC). It also describes the services Cutler Capital Management, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Cutler Capital Management, LLC. Please contact Geoffrey Dancey, President, at 508-757-4455 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Cutler Capital Management, LLC or any individual providing investment advisory services on behalf of Cutler Capital Management, LLC possess a certain level of skill or training. Additional information about Cutler Capital Management, LLC is available on the internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cutler Capital Management, LLC is 107463.

Item 2: Summary of Material Changes

This item discusses specific material changes to the Cutler Capital Management, LLC (Cutler) disclosure brochure, Form ADV Part 2.

Cutler will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year, December 31st. Cutler may further provide other ongoing disclosure information about material changes as necessary.

Cutler will also provide clients with a new brochure free of charge by request or as necessary due to material changes, or new information.

Cutler has made the following material changes to this Form ADV 2A since its last annual amendment (March 24, 2016):

- We made a change to our billing, for one of our limited partnerships we now bill in advance and we have amended our Separately Managed Accounts Fee, please refer to Item 5: Fees and Compensation.
- We have amended Item 12: Brokerage Practices to simplify language regarding Trade Aggregation/Allocation and Brokerage Practices.

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Item 4: Advisory Business

The Company

Cutler Capital Management, LLC (Cutler) is a privately-held Massachusetts limited liability company that has been registered with the SEC since 2000 and has provided investment advisory services since 2003. The principal owners of Cutler are Melvin S. Cutler and Geoffrey Dancey.

Advisory Services

Cutler provides discretionary investment management services to both separately managed accounts (Separately Managed Accounts) and to private investment funds organized as pooled investment vehicles (Private Investment Funds).

Types of Investments

Cutler specializes in convertible securities, Financials Sector Investments including Community Banks, and REIT's.

Convertible securities, which are commonly known as “convertibles”, are securities that can be converted into another security, typically common stock. Convertibles are hybrid securities; in other words, they combine the characteristics of two different types of investment instruments. Convertibles are found in two basic forms: convertible bonds and convertible preferred stock. These convertible bonds and convertible preferred stock can be exchanged for (or, converted to) a specified number of the issuing company's common stock shares at the option of the convertible holder.

Cutler typically invests in convertibles issued as bonds or preferred securities that can be converted to common stock. Both types of convertibles provide a stream of income, like bonds, but also have the potential for growth, like stocks, based on the performance of their underlying common stock.

Cutler's Investments in the Financial Sector is primarily focused on Community Banks. Community Banks offer a relatively high dividend yield as compared to other common stocks. They also offer the potential for capital appreciation as a result of rising book value, rising earnings, rising dividends, rising valuation multiples and the potential for mergers and acquisitions. Their attractive risk / reward profile benefits from the under-researched & overlooked nature of community banks.

The portfolios of Separately Managed Accounts are primarily invested in convertibles, Community Banks, REITs, and other dividend-paying stocks.

Separately Managed Accounts

Separately Managed Accounts will be designed, based on the client's financial goals, tolerance for risk and investing timeline. Cutler uses the following approach to build and manage portfolios for Separately Managed Account clients:

- Build positions with convertibles offering reliable current income, growth potential and attractive downside risk characteristics.
- Allocate 70% to 85% of the portfolio to convertible securities and 15% to 30% to Dividend-paying stocks, including Community Banks and REITs.
- Diversify 10 to 30 holdings across industry sectors and market capitalizations.
- Limit exposure to any single company to less than 15% of the portfolio.

Cutler may employ a convertible ETF strategy for Separately Managed Accounts, leveraging our expertise in convertible securities, Cutler constructs portfolios with a Convertible ETF, as well as equity and fixed income ETF's. By incorporating the convertible ETF, Cutler improves the portfolio's risk reward profile in comparison to conventional ETF strategies.

Private Investment Funds

Important Note: Private Investment Funds advised by Cutler are not offered or sold to the public. They are accessible only to investors who are considered "accredited investors" or "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended, who receive a confidential private placement memorandum issued by the fund and who ultimately become parties to the operating agreement governing operation of the fund.

Investments in the Private Investment Funds are made in accordance with the offering documents of the individual fund. The terms and conditions for participation in any such private fund, including management and incentive fees, conflicts of interest and risk factors, are set forth in each Private Investment Fund's offering documents, which each prospective investor shall receive, and be required to complete and submit certain portions to Cutler in order to demonstrate qualification for investment in the Private Investment Funds.

At present, Cutler acts as general partner and investment manager of the following Private Investment Funds: the Cutler Investment Fund, L.P.; and the Cutler Income & Growth Fund I, L.P. See the "Investment Strategies" section below for additional information regarding the investment objectives, types of investments and risk exposures of each Private Investment Fund managed by Cutler.

Client Tailored Services and Client Imposed Restrictions

Separately Managed Accounts

Cutler's investment advisory services are tailored to meet the specific needs of each client. To provide appropriately individualized services, Cutler will work with the client to obtain information regarding the client's investment objectives, risk profile and other information regarding the client's financial and investment needs.

Cutler will periodically review with clients their financial circumstances, investment objectives and risk profile. In order for Cutler to provide effective advisory services, it is critical that clients provide accurate and complete information to Cutler and inform

Cutler anytime such information needs to be updated or anytime there is a change in their financial circumstances, investment objectives and/or risk profile.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing exchange traded funds, mutual funds or with respect to certain third-party products or services made available through Cutler. In addition, a restriction request may not be honored if it is fundamentally inconsistent with Cutler's investment philosophy, runs counter to the client's stated investment objectives, or would prevent Cutler from properly servicing client accounts.

Private Investment Funds

Due to the "pooled" nature of the Private Investment Funds managed by Cutler, clients may not impose restrictions on investments in certain securities or types of securities.

Wrap Fee Programs

Cutler does not provide portfolio management services under a wrap fee program(s). Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (e.g., execution of trades) are provided for one fee. This is different than traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

Assets Under Management

As of December 31, 2016, the total amount of assets managed by Cutler is \$297,654,000. All assets are managed on a discretionary basis.

Item 5: Fees and Compensation

Advisory Fees

Separately Managed Accounts

The type of fee charged for Separately Managed Accounts is determined by whether the beneficiary of the Separately Managed Account is a "Qualified Client." As defined in Rule 205-3 under the Investment Advisers Act of 1940.

Qualified Clients

For those Separately Managed Accounts held by clients that are Qualified Clients, the client will have the option to select either a fixed management fee or a performance-based fee as follows:

FIXED MANAGEMENT FEE OPTION

Clients with Separately Managed Accounts are charged annual 1.00% management fee, billed quarterly in arrears, equal to 0.25% of the end-of-quarter net asset value of the client's account.

PERFORMANCE-BASED FEE OPTION

The client pays the greater of (a) or (b) below:

(a) A minimum annual management fee equal to the greater of \$3,000 or a 0.50% management fee, billed quarterly in arrears, equal to 0.125% of the end-of-quarter net asset value of the client's account.

(b) An annual performance fee equal to 11% of the increase in the account's net market value (before the payment of any minimum management fees) calculated at calendar year end or, in the event the Investment Management Agreement is terminated by either party during a calendar year, as of the date of termination. The increase in net market value includes realized and unrealized gains/losses and interest and dividend income.

Under the Performance-Based Fee Option, if the performance fee exceeds the annualized management fee, the performance fee will be owed, minus the management fees already paid during that calendar year.

Non-Qualified Clients

For those Separately Managed Accounts held by clients that are not Qualified Clients, the client pays a fixed management fee as follows:

FIXED MANAGEMENT FEE

Clients with Separately Managed Accounts are charged a 1.00% management fee, billed quarterly in arrears, equal to 0.25% of the end-of-quarter net asset value of the Client's account.

Modification to Fee Calculation for Separately Managed Accounts

If the first and/or the last fee period that an Separately Managed Account agreement is in effect is less than a full period (e.g. three calendar months in the case of a quarterly fee), the fee for such period will be calculated as of the last day of such period on which the agreement was in effect and prorated by the number of days during the period that the agreement was in effect.

In the case of any fee based upon the value of an Separately Managed Account, in any period during which there was an interim deposit and/or withdrawal (other than withdrawal to pay management fee) by the client to or from the account, the fee schedule shall be applied to the average of the account values determined as of the close of business on the last business day of each month ending during such period.

Private Investment Funds

Private Investment Funds for which Cutler acts as general partner are charged an annual fee as follows:

Cutler Investment Fund, L.P.

Investors in the Cutler Investment Fund, L.P. are charged a management fee and a performance fee:

MANAGEMENT FEE

Investors in Cutler Investment Fund, L.P. are charged a 0.5% management fee, billed quarterly in arrears, equal to 0.125% of the end-of-quarter net asset value of each investor's capital account.

PERFORMANCE FEE

As annual incentive performance fee equal to 11% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs) less quarterly management fees paid during the year. The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Cutler Income & Growth Fund I, L.P.

Class A Limited Partners are charged a 0.95% management fee, billed quarterly in advance, equal to 0.2375% of the beginning-of-quarter net asset value of each investor's capital account.

Class B Limited Partners are charged a 1.0% management fee, billed quarterly in advance, equal to 0.25% of the beginning-of-quarter net asset value of each investor's capital account. Class B Investors are also charged a performance fee equal to 10% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs). The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Payment Method

Private Investment Funds

Management fees and performance allocations, if any, are allocated to Cutler directly from the assets of the applicable private investment fund.

Additional Fees and Expenses

Trading Costs

Clients pay commissions and trading costs directly from the assets (cash account) within the client account. Trading costs are passed along at net cost as there is no mark-up by Cutler. Trading costs are deducted before the management fee or the performance fee see “Brokerage Practices” in the section below for additional information on brokerage and other transaction costs.

Professional Fees

Fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Accordingly, the fees of any additional professionals engaged by a client, will be billed directly by such professional(s).

Fees may be paid by direct debit from the client’s account or may be paid directly by the client.

Termination and Refunds

The investment management agreement entered into with Separately Managed Account clients may be terminated by either the client or Cutler by providing written notice to the other party. Withdrawals by investors in Private Investment Funds managed by Cutler are governed by the terms of the offering documents of the individual Private Investment Fund.

Important Additional Fee Information

Fees Negotiable

Cutler retains the right to modify or waive fees, including minimum account size, in its sole and absolute discretion, on a client-by-client basis. Factors considered include, but are not limited to, the complexity and nature of the advisory services provided, whether the client was referred by another investment manager, anticipated amount of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition. The specific fee schedule is identified in the investment management agreement entered into with the client.

Performance Fee Limitations

If net asset value of an Separately Managed Account or a Private Investment Fund decreases for the year, or the amount of the management fee exceeds the performance fee, as the case may be, Cutler will earn no performance fee for that year.

Item 6: Performance-Based Fees and Side-by-Side Management

As disclosed in the “Fees and Compensation” above, under certain circumstances Cutler manages client accounts where it is eligible to receive a performance-based fee

(e.g., for its management of the Separately Managed Accounts) or a performance-based fee (e.g., for its management of the Private Investment Funds). In addition, Cutler may manage client accounts where it is not eligible to receive performance-based compensation for its advisory services either because the account holder is not a Qualified Client (and thus not permitted to be charged a performance-based fee) or because under the terms of the applicable agreement, Cutler did not earn the performance-based fee (in which case only a management fee would then be charged).

Conflicts of Interest

Situations (such as those described above) where Cutler manages both accounts that pay performance-based compensation and accounts that do not pay performance-based compensation gives rise to certain conflicts of interest that have the potential to motivate Cutler to favor its performance-based account clients over other clients. For example, performance-based fees, are typically significantly higher than the asset-based fees paid on traditional accounts. In the case of private investment funds, many investment advisers, including Cutler and its related persons, have significant investments in the funds that they manage. As a result, Cutler has additional incentives to favor the performance-based clients over other clients by allocating investment opportunities to the performance-based accounts. Finally, because performance-based compensation is not paid unless Cutler achieves a certain level of performance, the above described performance fee or allocation arrangement may create an incentive for Cutler to make investments that are riskier or more speculative than might be the case in the absence of a fee or allocation based on performance.

Cutler is aware of these conflicts of interest and has implemented order allocation procedures to ensure that clients are treated fairly.

Item 7: Types of Clients

Cutler provides investment advisory services to private investment funds organized as pooled investment vehicles (commonly known as “hedge funds”), individuals (including high net worth individuals), profit sharing plans, trusts, estates, charitable organizations, foundations/endowments, corporations and other types of business entities.

Conditions for Managing Accounts

Separately Managed Accounts

Cutler has a standardized minimum portfolio size for all clients of \$1,000,000; provided, however, that Cutler will not manage a client’s account unless the value of the account assets is sufficiently large enough to enable Cutler to meet the client’s investment objectives. Accounts of less than \$1,000,000 may be set up when the client and Cutler anticipate the client will add additional funds to the accounts bringing the total to \$1,000,000 within a reasonable time or to accommodate retirement assets, related accounts or other circumstances.

Private Investment Funds

The minimum initial investment in the Cutler Investment Fund, L.P. and the Cutler Income & Growth Fund I, L.P. is \$250,000. The minimum initial investments in the Private Investment Funds may be waived at the sole discretion of Cutler.

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

Methods of Analysis and Investment Strategies

Methods of Analysis

The security analysis methods employed by Cutler are fundamental and technical analysis.

Fundamental Analysis

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study the overall economy and industry conditions, the financial condition of a company, details regarding the company's product line, and the experience and expertise of the company's management. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Technical Analysis

Technical analysis involves the examination of past market data rather than specific company data in determining which securities to buy/sell. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of a company. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, among many others. These trends, both short and long-term, are used for determining specific trade entry and exit points and broad economic analysis.

Investment Strategies and Objectives

In General

Cutler may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing.

Private Investment Funds

For Private Investment Funds managed by Cutler, the investment strategy and objective will vary depending on the fund:

Cutler Investment Fund, L.P.

The investment objective of the Cutler Investment Fund, L.P. (CIF) is to provide investors with attractive total returns in all market conditions through capital appreciation and current income. CIF expects to invest primarily in a diversified portfolio of securities convertible into common stock and issued by both domestic and foreign companies. As part of its investment strategy, CIF may have concentrated exposure to REITS and/or financial service sectors. CIF may invest in other types of securities, including investing directly in debt securities and common stocks, warrants, particularly dividend paying stocks, and may use a variety of investment techniques to generate profit and/or control risk, including convertible arbitrage, short selling, options and leverage. Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CIF's investment strategy are more fully described in the fund offering documentation.

Cutler Income & Growth Fund I, L.P.

The investment objective of the Partnership is to provide its Partners with current income and capital appreciation. The Partnership expects to invest primarily in a portfolio of financial securities issued by both U.S. and foreign companies. These will include common stocks (including dividend-paying stocks), debt securities, and convertible securities that are typically either debt securities or preferred stocks that can be exchanged for common stock. As part of its investment strategy, the Partnership will have concentrated exposure to the financial sector. Short selling and other hedging techniques may be used. The Partnership may use leverage as part of its investment strategy to generate profit and/or control risk, including convertible arbitrage and short selling. Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CIG's investment strategy are more fully described in the fund offering documentation.

Types of Investments

Cutler may offer advice on private equity investments, including venture capital partnerships as well as other types of alternative investments.

Investing Involves Risk

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

- *Market Risk.* The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and

unpredictably, simply because of economic changes or other events that affect large portions of the market.

- *Management Risk.* A client's portfolio is subject to management risk because it is actively managed by Cutler's investment professionals. Cutler will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and Cutler's judgment will produce the intended results.
- *Quantitative Tools Risk.* Some of Cutler's investment techniques may incorporate, or rely upon, quantitative models. There is no guarantee that these models will generate accurate forecasts, reduce risks or otherwise produce the intended results.
- *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- *Credit Risk.* An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- *Allocation Risk.* The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.
- *Foreign (Non-U.S.) Risk.* A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- *Emerging Markets Risk.* Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face

the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.

- *Currency Risk.* Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Derivatives Risk.* Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.
- *Capitalization Risk.* Investments in small and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- *Liquidity Risk.* Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing Cutler from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.
- *Issuer Specific Risk.* The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Concentrated Portfolios Risk.* Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic prices swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.
- *Legal or Legislative Risk.* Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.
- *Technology Risk.* A portfolio's investments in businesses, particularly small businesses may be disrupted through cybersecurity threats or actions. Additionally, technological shifts may occur rapidly which may disrupt an

established industry. Businesses may not be able to adequately protect, respond to, or adapt to changing cybersecurity threats and technological changes.

Risks Associated with Investment Strategies and Methods of Analysis

The analysis of securities requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment.

Cutler's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Cutler is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

Fundamental Analysis

Fundamental analysis, when used in isolation, has a number of risks:

- Information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- The data used may be out of date.
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- The market may fail to reach expectations of perceived value.

Technical Analysis

The primary risk in using technical analysis is that spotting historical trends may not help predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Cutler will be able to accurately predict such a reoccurrence.

Risks Associated with Specific Securities Utilized

Preferred Stocks

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were

purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

Convertible Securities

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value.”

The investment value of a convertible security is influenced by changes in interest rates, the credit standing of the issuer and other factors. The conversion value of a convertible security is determined by the market price of the underlying common stock. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. A convertible security will generally be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a partnership managed by Cutler is called for redemption, the partnership will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the partnership’s ability to achieve its investment objective.

Investments in Financial Securities, Including Community and Regional Banks.

Certain investment strategies may have concentrated exposure to the financial sector. These risks include but are not limited to the following:

Risks associated with banks loan portfolios, including difficulties in achieving loan growth, greater loan losses than historic levels, an insufficient allowance for loan losses, expenses associated with managing nonperforming assets, the ability to maintain and service relationships with automobile dealers and indirect automobile loan purchasers, and the ability to profitably manage changes in indirect automobile lending operations;

Risks associated with global, general, and local economic and business conditions, including economic recession or depression, the pace, consistency, and extent of recovery of values and activity in the residential housing and commercial real estate markets of various local markets, the expectations of and actual timing and amount of interest rate movements, including the slope and shape of the yield curve, which can have a significant impact on financial institutions; Risks associated with market and monetary fluctuations, including fluctuations in mortgage markets; Risks associated with inflation or deflation;

Risks associated with government regulation and programs, uncertainty with respect to future governmental economic and regulatory measures, new regulatory requirements imposed by the Consumer Financial Protection Bureau (“CFPB”), new regulatory requirements for residential mortgage loan services, and numerous legislative proposals to further regulate the financial services industry, the impact of and adverse changes in

the governmental regulatory requirements, and changes in political, legislative and economic conditions;

Risks associated with the ability to maintain adequate liquidity and sources of liquidity; Risks associated with the ability to maintain sufficient capital and to raise additional capital; Risks associated with the accuracy and completeness of information from customers and counterparties; Risks associated with the effectiveness of controls and procedures; Risks associated with the ability to attract and retain skilled people; Risks associated with greater competitive pressures among financial institutions in market areas; Risks associated with failure to achieve the revenue increases expected to result from investments in growth strategies, including branch additions and in transaction deposit, trust and lending businesses; Risks related to acquisitions; Risks associated with compliance with certain requirements under loss share agreements with the Federal Deposit Insurance Corporation ("FDIC"); Risks associated with technological changes and the possibility of cyber fraud; Risks associated with adverse weather events in certain geographic markets; Risks associated with the reliance on financial models and the accuracy of such financial models; and Risks associated with the reliance on third party vendors.

ETFs

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Warrants and Rights

Warrants are securities, typically issued with preferred stocks or bonds; which give the holder the right to purchase a given number of shares of common stock as a specified price and time. The price of a warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants conventionally have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to risk. If the warrant is not exercised within the specified time period, it becomes worthless.

Margin Transactions

When buying stocks on margin, an investor is employing leverage as an investing strategy. Leverage allows the investor to extend financial reach by investing using borrowed funds while limiting the amount the cash expended. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of the securities held when falling stock prices reduce the value of your securities; and
- Having the brokerage firm sell some or all of the securities without consulting the investor to pay off the loan made.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Private Investment Funds

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the fund's offering documents, which will be provided to each prospective investor for review and consideration. Each investor will be required to complete a subscription agreement, pursuant to which the investor shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Real Estate Related Securities

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation, possible lack of availability of mortgage funds, overbuilding, extending vacancies of properties, increases in

competition, property taxes and operating expenses, changes in zoning laws, costs resulting from cleanup of, and liability to third-parties for damages resulting from, environmental problems, casualty and condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rents and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in real estate in general. REITs are dependent upon the skills of management, are not diversified and are subject to cash flow dependency, default by borrowers and self-liquidation.

Alternative Investments

The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

Private Equity Funds

Private Equity Funds may be affected by various forms of risk, including:

- *Long-term Investment.* Unlike mutual funds, which generally invest in publicly traded securities that are relatively liquid, private equity funds generally invest in large amounts of illiquid securities from private companies. Depending on the strategy used, private real estate funds will have illiquid underlying investments that may not be easily sold, and investors may have to wait for improvements or development before any redemption. Given the illiquid nature of the underlying purchases made by private equity and private real estate managers, private equity and private real estate funds are considered long-term investments. Private equity funds are generally set up as 10- to 15-year investments with little or no provision for investor redemptions. Private real estate funds are generally seven- to ten-year investments and also have limited provisions for redemptions. With long-term investments, you should consider your financial ability to bear large fluctuations in value and hold these investments over a number of years.
- *Difficult Valuation Assessment.* The portfolio holdings in private equity and private real estate funds may be difficult to value, because they are not usually quoted or traded on any financial market or exchange. As such, no easily available market prices for most of a fund’s holdings are available. Additionally, it may be hard to quantify the impact a manager has had on underlying investments until those investments are sold.
- *Lack of Liquidity.* Private equity and private real estate funds are not “liquid” (they can’t be sold or exchanged for cash quickly or easily), and the interests are typically non-transferable without the consent of a fund’s managing member. As a result, private equity and private real estate funds are generally only suitable

for sophisticated investors who have carefully considered their financial capability to hold these investments for the long term.

- *Capital Call Default Consequences.* Answering capital calls to provide managers with the pledged capital is a contractual obligation of each investor. Failure to meet this requirement in a timely manner could elicit significant adverse consequences, including, without limitation, the forfeiture of the defaulting investor's interest in the fund.
- *Leverage.* Private equity and private real estate funds may use leverage in connection with certain investments or participate in investments with highly leveraged capital structures. Although the use of leverage may enhance returns and increase the number of investments that can be made, leverage also involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the assets underlying such investments.
- *Lack of Transparency.* Private equity and private real estate funds are not required to provide investors with information about their underlying holdings or provide periodic pricing and valuation information. Therefore, an investor often puts complete trust in the managers' abilities to meet their funds' objectives, without the benefit of knowing their investment selections. This lack of information may make it more difficult for investors to evaluate the risks associated with the funds.
- *Manager Risk.* Private equity and private real estate fund managers have total investment authority over their funds, and the managers' skill is normally responsible for the investment returns. Therefore, if the founder or key person departs, the returns of the fund may be impacted. Investors have no control or influence in the management of the fund, although they will receive periodic reports from the fund manager. Also, your investment in one fund that uses a generally similar investment strategy as another fund could lessen your overall diversification, and consequently, increase your investment risk.
- *Regulation.* Private equity and private real estate funds are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer fewer legal protections than more traditional investments.

Note that there may be other circumstances not described here that could adversely affect a client's investment and prevent their portfolio from reaching its objective.

Cash Management

Cutler will manage the investment of client cash pursuant to the following guidelines:

- Cutler will monitor the liquidity requirements of each client and the account guidelines; and

- Cutler will not cause excessive cash balances to be maintained for any client, unless such cash positions are part of a defensive strategy, recent deposits, the result of unique client cash requirements, at account inception prior to investments being made, or determined by a portfolio manager that it is prudent to maintain a high cash reserve in light of the investment environment.

When a client portfolio has cash, a suitable money market fund or a similar investment vehicle is selected from a list of options offered by Cutler's custodian. Suitability is based on clients' tax status and risk tolerance.

Item 9: Disciplinary Information

Neither Cutler nor any of its supervised persons have any reportable disciplinary history.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer Registration and Registered Representatives

Cutler is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

Futures and Commodity Registration

Cutler is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

Financial Industry Affiliations

Cutler is the general partner of the Cutler Investment Fund, L.P., a private investment fund organized as a pooled investment vehicle. Cutler Investment Fund, L.P. is the successor to the Cutler Investment Fund, LLC. Cutler is also the general partner of the Cutler Income & Growth Fund I, L.P., a private investment fund organized as a pooled investment vehicle.

Please see the section entitled "Investment Strategies and Objectives" on page 9 of this disclosure brochure for the types of investments made by the Cutler Investment Fund, L.P. and the Cutler Income & Growth Fund I, L.P.

An entity controlled by Melvin S. Cutler is the general partner of a family limited partnership. Investments in this partnership is limited to family members only.

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

Code of Ethics

Cutler has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Cutler owes a fiduciary duty to its clients. Accordingly, Cutler expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All officers, directors, partners and employees of Cutler and any other person who provides advice on behalf of Cutler and is subject to Cutler's control and supervision are required to adhere to the Code of Ethics. At all times, Cutler and its employees must (i) place client interests ahead of Cutler's; (ii) engage in personal investing that is in full compliance with the Code of Ethics; and (iii) avoid taking advantage of their position. Cutler has also adopted policies and procedures to prevent the misuse of "insider" information. Clients and prospective clients may request a copy of Cutler's Code of Ethics by contacting Geoffrey Dancey, President, at 508-757-4455.

Participation or Interest in Client Transactions

Cutler may purchase or sell for a client, portfolio securities or investment products in which Cutler or its related personnel have a material financial interest.

As the general partner of the Private Investment Funds, Cutler maintains a capital account in each of the Private Investment Funds and therefore, receives allocations of net profits (or losses). Cutler employees and members of their families have also invested in the one or more of the Private Investment Funds. In order to create a strong congruity of interest between the management of the Private Investment Funds and its investors, all investment professionals employed by Cutler are encouraged to invest in the Private Investment Funds.

Cutler may purchase or sell securities in client accounts managed by Cutler when the same securities are held by a Cutler employee individually or in a corporate profit sharing plan.

Additional Information

At times, Cutler or its related persons may purchase securities that it deems appropriate only for its or their own account. Based on the experience of Cutler or its related persons holding the securities and on further research and due diligence, Cutler may at a later time purchase such securities for client accounts at prices which might be higher or lower than those originally paid.

Item 12: Brokerage Practices

Research and Other Soft Dollar Benefits

Cutler does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”.

Brokerage for Client Referrals

Cutler does not receive client referrals from broker/dealers.

Directed Brokerage

Cutler generally recommends that clients utilize the brokerage and clearing services of RBC for Separately Management Accounts.

Factors which Cutler considers in recommending RBC or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by RBC may be higher or lower than those charged by other financial institutions.

The commissions paid by Cutler’s clients comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified financial institutions might charge to effect the same transaction where Cutler determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Cutler seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Cutler periodically and systematically reviews its policies and procedures regarding its recommendation of financial institutions in light of its duty to obtain best execution.

The client may direct Cutler in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that financial institution and the Firm will not seek better execution services or prices from other financial institutions or be able to “batch” client transactions for execution through other financial institutions with orders for other accounts managed by Cutler (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Cutler may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Brokerage- Other Economic Benefits

Cutler may receive from RBC, without cost to Cutler, certain support and services, which allow Cutler to better monitor client accounts maintained at those financial institutions. Cutler may receive the support and services without cost because Cutler renders investment management services to clients that maintain assets at RBC. The support and services is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The support and services may benefit Cutler, but not its clients directly. In fulfilling its duties to its clients, Cutler endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Cutler’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Cutler’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

These economic benefits may include but are not limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Clients should be aware, however, that the receipt of economic benefits by Cutler or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Cutler’s recommendation of RBC for custody and brokerage services.

Brokerage Recommendations

Securities transactions for accounts managed by Cutler are executed by brokers considered to be well established and financially sound. Cutler maintains an ongoing brokerage business relationship with RBC as well as other national and regional brokerage firms. Cutler will generally recommend that clients use RBC and its affiliates for brokerage services, although clients are permitted their brokerage to firms other than RBC, as noted above.

Trade Aggregation/Allocation

Cutler may aggregate multiple clients’ purchase or sale orders for the same security in order to execute transactions in the most efficient manner. Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased or sold security are then allocated on a fair and equitable basis to the appropriate accounts. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity. Purchases by Cutler employees may also be aggregated with clients’ purchase orders for the same security. In these cases, Cutler will attempt to allocate securities among its clients in a fair and unbiased manner. Cutler will first make such allocations of the securities to its clients and in a manner that will not favor performance accounts over asset-based fee accounts or favor one class of clients over another. Cutler will look at the investment goals and requirements of its clients involved in making such allocations.

Item 13: Review of Accounts

While the underlying securities within client accounts are continuously monitored, accounts are reviewed no less frequently than annually.

Geoffrey Dancey and Melvin S. Cutler are the only reviewers of client accounts.

Cutler provides each Separately Managed Account client and investor in a Private Investment Fund managed by Cutler, a quarterly letter indicating the performance of their account (or combined accounts) on a year-to-date basis (after management fees). Performance for the period is compared to one or more major indices. In addition, the quarterly communication includes brief remarks regarding the investing environment and administrative information, including quarterly fees.

Upon request, clients are able to receive more detailed portfolio reports. Custodians provide clients account statements monthly and trade confirmation slips for each trade. Clients are urged to compare the account statement provided by the broker-dealer/custodian with those provided by Cutler. In addition, many clients arrange with the custodian to view their accounts as frequently as desired via the internet.

Item 14: Client Referrals and Other Compensation

Cutler as Solicitor

Cutler does not receive any economic benefit from non-clients for the provision of investment advice to its clients.

Compensation – Client Referrals – Solicitation Arrangement

Cutler may enter into written arrangements to pay cash referral fees to individuals or companies (solicitors) who refer prospective clients to the Firm. In these cases, there will be a written agreement between Cutler and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the solicitor is working with Cutler and the fact that the solicitor is being compensated for the referral activities. The solicitor is also required to furnish a copy of Cutler's Form ADV to the prospective client and obtain a written acknowledgement from the client that both the solicitor's and Cutler's disclosure documents have been received.

Item 15: Custody

Cutler is deemed to have custody because (i) Cutler is permitted to deduct fees directly from clients' Separately Managed Accounts, (ii) Cutler serves as general partner to private investment funds organized as pooled investment vehicles and (iii) An entity

controlled by Melvin S. Cutler is the general partner of a family limited partnership, and Mr. Cutler has a majority ownership position in a construction company.

Separately Managed Accounts

Custody of Separately Managed Account client assets will be maintained with a qualified custodian. Cutler will not have physical custody of any assets in the client's account except as permitted for payment of management fees. Clients will be solely responsible for paying all fees or charges of the custodian.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to compare the account statement provided by the broker-dealer/custodian with any statements provided by Cutler.

Private Investment Funds- Cutler Income & Growth Fund I, L.P. and Cutler Investment Fund, LP

Investors in private investment funds in which Cutler serves as investment manager will receive the following: (1) annual audited financial statements of the fund audited by an independent certified public accounting firm, (2) a quarterly letter from discussing the results of the fund for the quarter just ended, (3) an annual letter discussing the results of the fund for the year just ended, and (4) copies of such investor's Schedule K-1 to the fund's tax return.

Item 16: Investment Discretion

Cutler may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Cutler to execute trades on behalf of clients.

When such limited powers exist between the Cutler and the client, Cutler has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Cutler may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Cutler in writing.

Item 17: Voting Client Securities

Proxy Voting

Cutler generally does not have any authority to and does not vote proxies on behalf of Separately Managed Accounts. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios; clients receive these proxies directly

from either custodians or transfer agents. If requested, Cutler may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client.

Cutler may vote proxies for the Private Investment Funds.

Clients may contact Geoffrey Dancey, President at 508-757-4455 for information about proxy voting.

Item 18: Financial Information

Prepayment of Fees

Because Cutler does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Cutler is not required include a balance sheet with this disclosure brochure.

Financial Condition

Cutler does not have any adverse financial conditions to disclose.

Bankruptcy

Cutler has never been the subject of a bankruptcy petition.