

# MB, Levis & Associates, LLC

## **ADV Part 2A Brochure October 2018**

Contact: Leslie Childs, Chief Compliance Officer  
4647 Saucon Creek Road, Suite 101  
Center Valley, PA 18034  
(610) 419-9690

**This brochure provides information about the qualifications and business practices of MB, Levis & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (610) 419-9690 or [lchilds@mblevis.com](mailto:lchilds@mblevis.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about MB, Levis & Associates, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to MB, Levis & Associates, LLC as a “registered investment adviser” or any other reference to being “registered” does not imply a certain level of skill or training.**

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## **Item 2            Material Changes**

There are no reportable material changes made to MB, Levis's disclosure statement.

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

- A. MB, Levis & Associates, LLC (we/us/our) is a limited liability company formed in 2012 in the Commonwealth of Pennsylvania. MB, Levis's principal owner is J. Bruce Levis, Jr.
- B. As discussed below, we offer our clients (you) (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services.

#### **INVESTMENT MANAGEMENT SERVICES**

You can determine to engage our firm to provide discretionary investment advisory services on a *fee only* basis. Our annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under our management, generally between negotiable and 1.00%.

Our annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by you, financial planning and consulting services. In the event that you require extraordinary planning and/or consultation services (to be determined in our sole discretion), we may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to you.

#### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** Neither we, nor any of our representatives serves as an attorney, accountant, or licensed insurance agent, and no portion of our services should be construed otherwise. To the extent requested by you, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from us. **Please Note:** If you engage any such recommended professional, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains 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/ revising our previous recommendations and/or services.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), we **may** maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating our advisory fee. **Our Chief Compliance Officer, Leslie Childs, remains available to address any questions that you may have regarding the above fee billing practice.**

**Please Note: Retirement Rollovers: -No Obligation/Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): i) leave the money in the former employer's plan, if permitted, ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, iii) rollover to an Individual Retirement Account ("IRA:"), or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If we recommend that you roll over your retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest if we will earn an advisory fee on the rolled over assets. In contrast, a recommendation that you leave your plan assets with your old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to us (unless you engage us to monitor and/or manage the account while maintained at your employer). We have an economic incentive to encourage a client to roll plan assets into an IRA that we will manage or to engage us to monitor and/or manage the account while maintained at your employer. There are various factors that we may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus ours, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. **No client is under any obligation to rollover plan assets to an IRA managed by us or to engage us to monitor and/or manage the account while maintained at your employer.** **Please Note:** If our engagement will include the management of your retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or your decision to process a rollover, the above economic incentive to recommend a rollover is moot.

**Client Obligations.** In performing our services, we will not be required to verify any information received from you or from your other professionals, and we are expressly authorized to rely thereon. Moreover, you are advised that it remains 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/revising our previous recommendations and/or services.

**Disclosure Statement.** A copy of our written Brochure as set forth on Part 2A of Form ADV shall be provided to you prior to, or along with, the execution of the *Investment Advisory Agreement*.

- C. We will provide investment advisory services specific to your needs. Prior to providing investment advisory services, we will ascertain your investment objective(s). Thereafter, we will allocate and/or recommend that you allocate investment assets consistent with your designated investment objective(s). You may, at any time, impose reasonable restrictions, in writing, on our services.
- D. We do not participate in a wrap fee program.
- E. As of December 31, 2017, we had \$216,557,780.29 in discretionary assets under management.

## Item 5 Fees and Compensation

A.

### INVESTMENT MANAGEMENT SERVICES

If you choose to engage our firm to provide discretionary investment advisory services on a *fee only* basis, our annual investment management fee will vary from negotiable up to 1.00% of the total assets placed under our management, as follows:

<u>Account Size</u>	<u>Annual Fee</u>
On the First \$500,000	1.00% of assets
Next \$500,000 to \$1,000,000	0.75% of assets
Assets above \$1,000,000	0.50% of assets

- B. You may elect to have our advisory fees deducted from your custodial account. Our *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of our investment advisory fee and to directly remit that management fee to us in compliance with regulatory procedures. In the limited event that we bill you directly, payment is due upon receipt of our invoice. We will deduct fees and/or bill you quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless you direct otherwise or your circumstances require, we will generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for your investment management assets. Schwab charges brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to our investment management fee, brokerage commissions and/or transaction fees, you will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Our annual investment advisory fee will be prorated and paid quarterly in arrears based upon the market value of the assets on the last business day of the previous quarter. We generally require an annual minimum fee of \$4,000. We, in our sole discretion, may charge a lesser investment management fee and/or waive or reduce our minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with you, etc.).
- The *Investment Advisory Agreement* between us and you will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, we will debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.
- E. Neither we, nor our representatives accept compensation from the sale of securities or other investment products.

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

Neither we, nor our representatives accept performance-based fees.

## **Item 7            Types of Clients**

Our clients shall generally include high net worth individuals, corporate pension and profit sharing plans, charitable organizations, and trusts and estates.

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

A. We may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

We may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by us) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that you should be prepared to bear.

B. Our methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, we must have access to current/new market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to us, certain analyses may be compiled with outdated market information, limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Our primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a

longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

- C. Currently, we primarily allocate client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”), on a discretionary basis in accordance with the client’s designated investment objective(s).

## **Item 9           Disciplinary Information**

Neither we, nor our representatives have been the subject of any disciplinary action.

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

- A. Neither we, nor our representatives are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither we, nor our representatives are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Neither we, nor our representatives have any relationship or arrangement with any other financial industry entity that is material or germane to our business.
- D. We do not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. We maintain an investment policy relative to personal securities transactions. This investment policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.  
In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us.
- B. Neither we, nor any related person of our firm recommends, buys, or sells for client accounts securities in which we or any related person of our firm has a material financial interest.
- C. We and/or our representatives *may* buy or sell securities that are also recommended to clients. This practice may create a situation where we and/or representatives of our firm

are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if we did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of our clients) and other potentially abusive practices.

We have a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of our “Access Persons”. Our securities transaction policy requires that an Access Person of our firm must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings quarterly and at least once each twelve (12) month period thereafter on a date we select; provided, however that at any time that our firm has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. We, and/or representatives of our firm *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where we and/or representatives of our firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, we have a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of our Access Persons.

## **Item 12      Brokerage Practices**

- A. We do not maintain custody of your assets that we manage or advise (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (*see Item 15 Custody, below*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open the account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your accounts, as described in the next paragraph.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)



- capability to execute, clear and settle trades (buy and sell securities for your account)
- capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

#### Services that Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we may not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### Services that May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payment of our fees from our clients' accounts

- assist with back-office functions, recordkeeping and client reporting

#### Services that Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services based on the factors discussed above and not Schwab's services that benefit only us.

**Tradeaway/Prime Broker Fees.** Relative to our discretionary investment management services, when beneficial to you, individual fixed income transactions may be effected through broker-dealers other than the account custodian such as The MuniCenter, in which event, you generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab).

**Our Chief Compliance Officer, Leslie Childs, remains available to address any questions that you may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

We do not generally accept directed brokerage arrangements (when you require that account transactions be effected through a specific broker-dealer). In such client directed arrangements, you will negotiate terms and arrangements for your account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" your transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, you may pay higher

commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that you direct us to effect securities transactions for your account through a specific broker-dealer, you acknowledge that such direction may cause the account to incur higher commission or transaction costs than the account would otherwise incur had you chose to effect account transactions through alternative clearing arrangements that may be available through us.

**Our Chief Compliance Officer, Leslie Childs, remains available to address any questions that you may have regarding the above arrangement.**

To the extent that we provide investment management services to you, the transactions for your account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. We shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13          Review of Accounts**

- A. For those clients to whom we provide investment supervisory services, account reviews are conducted on an ongoing basis by our firm’s Principals and/or representatives. All investment supervisory clients are advised that it remains your responsibility to advise us of any changes in your investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with us on an annual basis.
- B. We *may* conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in a client’s investment objectives and/or financial situation, market corrections and client request.
- C. You are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for your accounts. We may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A above, we may receive an economic benefit from *Schwab*. We, without cost (and/or at a discount), may receive support services and/or products from *Schwab* (which may include direct monetary assistance from *Schwab* to obtain certain services or products).

**Our Chief Compliance Officer, Leslie Childs, remains available to address any questions that you may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If you are introduced to us by either an unaffiliated or an affiliated solicitor, we *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from our investment management fee, and shall not result in any additional charge to you. If you are introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide you with a copy of our written Brochure with a copy of the written disclosure statement from the solicitor to you disclosing the terms of the solicitation arrangement between us and the solicitor, including the compensation to be received by the solicitor from us.

## **Item 15      Custody**

We have the ability to have our advisory debited from your account by the custodian on a quarterly basis. We also have custody of client funds in certain accounts which J. Bruce Levis, Jr. serves as trustee, co-trustee, or executor. For those accounts, a surprise annual audit of the account is performed by an independent accountant.

**Please Note: Custody Situations:** We engage in other practices and/or services on behalf of our clients that require disclosure at ADV Part 1, Item 9, but which practices and/or services **are not** subject to an annual surprise CPA examination in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter.

You are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for your accounts. We may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that we provide you with periodic account statements or reports, you are urged to compare any statement or report provided by us with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of our advisory fee calculation.

## **Item 16      Investment Discretion**

You can choose to engage our firm to provide investment advisory services on a discretionary basis. Prior to us assuming discretionary authority over your account, you will be required to execute an *Investment Advisory Agreement*, naming us as your attorney and agent in fact, granting us full authority to buy, sell, or otherwise effect investment transactions involving the assets in your name found in the discretionary account.

You may, at any time, impose restrictions, **in writing**, on our discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the

ability to purchase securities with an inverse relationship to the market, limit or proscribe our use of margin, etc.).

## **Item 17      Voting Client Securities**

We exercise voting authority in trust accounts where J. Bruce Levis, Jr. serves as trustee, co-trustee, or executor. In other accounts, it is the client's responsibility, as noted in the account application, to vote proxies.

In the limited event where our firm votes proxies, we will do so in a manner which we reasonably believe will maximize shareholder value, which is defined as long-term value accretion through dividend and price appreciation. Our policy is to vote in favor of specific or non-recurring management proposals where the proposals are reasonable and appear to be in the best interest of shareholders. Conversely, where management has submitted proposals that restrict shareholder rights or diminish shareholder value, we would oppose such proposals. To retain effective top management, a company must provide protection against the fear of peremptory dismissal if a hostile takeover attempt is successful. Therefore, while we generally oppose structural anti-takeover provisions including "poison pills," we will support a Board of Directors that enters into employment agreements for limited, rolling time periods (such as three years) and provides reasonable "parachutes" or termination compensation for an effective top management team. Our firm realizes that compensation that relies heavily on stock options can be dilutive over time and, therefore, favors the adoption or continuation of reasonable non-super dilutive stock option plans.

Because of the nature of our business, it is unlikely that we will ever have a material conflict when voting proxies. If a conflict would arise, we would obtain the client's informed consent to vote a proxy in a specific manner.

We will maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c) (2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c) (2) are available upon written request. In addition, information pertaining to how we voted on any specific proxy issue is also available upon written request. Requests should be made by contacting our firm's Chief Compliance Officer, Leslie Childs.

## **Item 18      Financial Information**

- A. We do not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to our discretionary authority over certain client accounts.
- C. We have not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Our Chief Compliance Officer, Leslie Childs, remains available to address any questions that you may have regarding the above disclosures and arrangements.**