

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Halsey Associates, Inc. ("Halsey Associates"). If you have any questions about the contents of this brochure, please contact us at (203) 772-0740 or kjulian@halseyassociates.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Halsey Associates is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108301.

Item 2. Material Changes

Below is a summary of the material changes made to the previous version of our Form ADV, Part 2A, Disclosure Brochure dated 03/05/2012:

- Item 8 has been amended to clarify that legacy holdings retained by clients when engaging Halsey Associates do not typically undergo due diligence by the firm.

Please note that the foregoing represents only material changes made since our last filing of this Brochure.

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Item 4. Advisory Business

Halsey Associates is a SEC-registered investment adviser with its principal place of business located in New Haven, Connecticut. Halsey Associates began conducting business in 1967 and has been registered as an investment adviser since 1978.

James S. Zoldy, Jr., Chairman and Treasurer, and Kenneth J. Julian, President and Chief Compliance Officer, are the firm's principal shareholders (i.e., those individuals controlling 25% or more of this company).

Halsey Associates offers Individual Portfolio Management services to its advisory clients. In addition, certain existing clients of Halsey Associates receive consulting services that are no longer offered by the firm to new clients. Please see the disclosure below in this Item for additional information regarding this service.

As of 12/31/2012, we were actively managing \$776,572,342 of clients' assets on a discretionary basis plus \$14,215,740 of clients' assets on a non-discretionary basis.

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm offers portfolio management services to its advisory clients. We will provide continuous advice to a client regarding the investment of client funds based on the client's individual needs. Through personal discussions with our clients, their goals and objectives are determined. We then create and manage a portfolio based on these goals and objectives. During this data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We currently offer our portfolio management services on a discretionary basis only. However, we do have some legacy client accounts that we continue to manage on a non-discretionary basis. Account supervision is guided by the client's stated objectives (e.g., a balance between income and growth or income only), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Our client portfolios primarily consist of individual stocks (domestic and foreign) and bonds (domestic), but may include options, no-load mutual funds, exchange-traded funds (“ETFs”), and private placements.

Because some types of investments, such as options and private placements, involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Further, private placements are only offered to clients who are also deemed “accredited investors,” as defined under the Securities Act of 1933.¹

PORTFOLIO CONSULTING

Small subsets of our clients receive our investment advice on a consulting basis. We will provide these clients with access to our investment research and/or general portfolio recommendations. These clients, however, will be solely responsible for the implementation of our advice and portfolio recommendations.

Our recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

These types of consulting arrangements are no longer offered by Halsey Associates to other clients or prospective clients.

Item 5. Fees and Compensation

FEES FOR INDIVIDUAL PORTFOLIO MANAGEMENT

The annual fee charged for our individual portfolio management services is based on a percentage of the amount of assets under management with Halsey Associates according to the following schedule:

¹ For the definition of “accredited investor,” please see Rule 501 of Regulation D of the Securities Act of 1933. This definition is also set forth on the website of the SEC: <http://www.sec.gov/answers/accred.htm>.

<u>Assets Under Management</u>	<u>Annual Fee</u>
0 to \$3,000,000	0.75%
\$3,000,001 to \$10,000,000	0.50%
\$10,000,001 to \$20,000,000	0.375%
Over \$20,000,000	0.25%

For example, if a client's account is valued at \$21,000,000, the annual fee would be calculated as follows: $(\$3,000,000 \times 0.75\%) + (\$7,000,000 \times 0.50\%) + (\$10,000,000 \times 0.375\%) + (\$1,000,000 \times 0.25\%)$.

Our fees are assessed quarterly, in advance, at the beginning of each quarter. Thus, clients are charged $\frac{1}{4}$ of their annual advisory fee each quarter. The fee is based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous three month period. Clients will be invoiced or have their fees debited from the account in accordance with client authorization. Our invoices are normally sent out in the middle of the quarter for which the services are provided.

A minimum of \$1,500,000 of assets under management is required to open an individual portfolio management account with Halsey Associates. This minimum account size may be negotiable under certain circumstances. Halsey Associates may group certain related client accounts for the purposes of achieving the minimum account value requirement. Once an account is accepted, there are no specific minimum account requirements for maintaining an account.

FEES FOR PORTFOLIO CONSULTING

Halsey Associates' Portfolio Consulting fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. The fees for such services are fixed fees, typically ranging from \$500 to \$5,000, and are negotiated directly with the client. These fees are payable quarterly or annually in arrears. The quarterly billings are made halfway through the period of service for which the bill is submitted and payable by the end of that period. The annual billings are made on November 15 for the year ending December 31.

There is no minimum fee for consulting services.

GENERAL FEE INFORMATION

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Negotiability of Fees: In certain circumstances, all fees may be negotiable. We may also group certain related client accounts for the purposes of determining the annualized fee. Further, we may waive or discount advisory fees for family members and friends of the owners and employees of our firm. These fee waivers or discounts are not generally available to all advisory clients of Halsey Associates.

Courtesy Accounts: Some clients come to Halsey Associates with various legacy holdings or assets. Upon request, we will assist a client with establishing custodial accounts to hold these assets as a courtesy, but will NOT manage these assets. These assets will, therefore, not be subject to our portfolio management fee as disclosed above in this Item.

Grandfathering of Minimum Account Requirements and Fees: Pre-existing advisory clients are subject to Halsey Associates' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's fees and minimum account requirements will differ among clients.

Termination of the Advisory Relationship: Unless otherwise agreed, a client contract generally may be canceled by the client with at least five (5) days written notice, for any reason. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

Fund Fees: All fees paid to Halsey Associates for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or ETF directly, without our services. In that case, the client

would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. Please refer to Item 12 of this Brochure for additional information about our brokerage practices.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

We do not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7. Types of Clients

Halsey Associates provides its advisory services, where appropriate, to individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations and other business entities.

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided for each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: Technical analysis involves the analysis of past market movements and the application of that analysis to the present in an attempt to recognize recurring patterns of investor behavior and to predict future price movement.

Charting and cyclical analysis are types of technical analysis that we use. Charting involves the review of charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse. Cyclical analysis involves measuring the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Asset Allocation: Rather than focusing exclusively on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

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

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

Legacy Holdings: From time to time, when new clients engage Halsey Associates they may already hold interests in certain private funds or other securities and investments that they wish to retain and incorporate into the portfolios constructed and managed by Halsey Associates. Under these circumstances, these clients should note that Halsey Associates does not typically conduct detailed due diligence with respect to these legacy investments or, as applicable, their managers.

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

INVESTMENT STRATEGIES

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

Long-term purchases: We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

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

Options²: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives a client the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives a client the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to “hedge” a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security in our client’s portfolios.

² For more information regarding options, you may refer to The Options Industry Council website: <http://www.888options.com/basics/default.jsp>

We also may use “covered calls”, in which we sell an option on a security held in our client’s portfolios. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

RISK OF LOSS

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

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Our firm and management persons are not engaged in any other applicable financial industry activities and have no other industry affiliations.

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

CODE OF ETHICS

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Halsey Associates and our personnel owe a duty of loyalty, fairness and good faith to our clients, and have an obligation to

adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Halsey Associates' Code of Ethics includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics requires that its employees provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to the firm's designated officer. These reports are made available to an appropriate regulatory agency upon request and will be reviewed on a regular basis by the Chief Compliance Officer of Halsey Associates, or his designee, to supervise compliance with the firm's Code of Ethics.

Our Code also contains oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to kjulian@halseyassociates.com, or by telephone at (203) 772-0740.

SUMMARY OF PERSONAL TRADING POLICY

Our firm and the individuals associated with our firm may buy or sell securities for their personal accounts that are identical to or different from those recommended to our clients. In addition, the firm and these individuals may have an interest or position in a security which may also be recommended to a client. As these situations represent actual or potential conflicts of interest with our clients, we have taken the following steps to assure that (i) the personal securities transactions of our employees will not interfere with making and implementing decisions in the best interest of our advisory clients, (ii) our firm complies with its regulatory obligations, and (iii) we provide our clients with full and fair disclosure of such conflicts of interest:

1. Prohibiting the firm, its owners and employees from:
 - a. Putting their own interest above the interest of an advisory client;
and
 - b. Buying or selling securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

2. Our firm requires prior approval for investment by our owners and employees in an initial public offering (IPO), a private placement and certain publicly traded securities.
3. We maintain a list of all reportable securities holdings for our firm and our owners and employees. These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
4. We have established procedures for the maintenance of all required books and records.
5. We require all of our owners and employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We provide a copy of the Code of Ethics on an annual basis to each owner and employee of our firm.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.
8. Any individual who violates any of the above restrictions may be subject to termination.

PRINCIPAL TRANSACTIONS

Halsey Associates and individuals associated with our firm are prohibited from engaging in principal transactions (i.e., a transaction where Halsey Associates or a person associated with Halsey Associates, as principal, buys securities from, or sells securities to, a Halsey Associates client).

Item 12. Brokerage Practices

BROKERAGE DISCRETION

Halsey Associates requests that it be provided in writing with the discretionary authority to determine:

- the broker-dealer to use for client transactions; and
- the commission/transaction costs that will be charged to clients for these transactions.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall also be submitted in writing.

Halsey Associates will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Halsey Associates in providing investment management services to clients. Halsey Associates may, therefore use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Halsey Associates typically uses the brokerage services of Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab")³, for its advisory client accounts. Schwab is a FINRA⁴-member broker-dealer. Schwab provides Halsey Associates with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available other products and services that benefit Halsey Associates but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some

³ For information regarding Schwab, please refer to their website: <https://www.schwab.com/>.

⁴ FINRA is the largest independent regulator for all securities firms doing business in the United States. For more information, please refer to FINRA's website: <http://www.finra.org/>.

substantial number of our client accounts, including accounts not maintained at Schwab. Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

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

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

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Halsey Associates. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Halsey Associates has no formal or informal soft dollar arrangements with Schwab or any other broker-dealer.

DIRECTED BROKERAGE

Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker and they will instruct Halsey Associates to execute all transactions through that broker. In the event that a client directs Halsey Associates to use a particular broker or dealer, it should be understood that under those circumstances Halsey Associates will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who have not directed the use of a broker-dealer).

SUMMARY OF TRADE AGGREGATION POLICY

Halsey Associates will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Halsey Associates will typically aggregate trades among clients whose accounts can be traded at a given broker. Halsey Associates block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Halsey Associates, or our firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will enable Halsey Associates to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
4. Prior to entry of an aggregated order, barring unusual circumstances related to timing and security price, a written list is completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must equitably share in the commissions and transaction costs. Depending upon the custodian/broker, transaction costs may be charged as a flat, per trade fee or be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. Halsey Associates' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on Halsey Associates' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Item 13. Review of Accounts

INDIVIDUAL PORTFOLIO MANAGEMENT

Reviews: While the underlying securities within Individual Portfolio Management accounts are continually monitored, these accounts are reviewed at least quarterly by two of our portfolio managers. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by the following portfolio managers: James S. Zoldy, Jr., Chairman and Treasurer, Kenneth J. Julian, President and Chief Compliance Officer, and/or Thomas N. Ellis, Jr., Vice-President and Director.

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we will typically provide quarterly performance reports with respect to the client's portfolio and may offer economic and/or financial market commentary.

PORTFOLIO CONSULTING

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted unless otherwise contracted for with the client. Such reviews will be conducted by James S. Zoldy, Jr., Chairman and Treasurer, Kenneth J. Julian, President and Chief Compliance Officer, and/or Thomas N. Ellis, Jr., Vice-President and Director.

Reports: These clients will receive reports as contracted for at the inception of the advisory engagement.

Item 14. Client Referrals and Other Compensation

Halsey Associates does not receive any additional compensation from third parties for providing investment advice to its clients.

Halsey Associates does not compensate any unaffiliated person for client referrals. However, we do have an arrangement with one or more of our employees through which we have agreed to compensate such employee(s), in part, for referring advisory clients to the firm.

Payment of fees for prospective client referrals creates a potential conflict of interest to the extent that such referrals may not be unbiased and, in making the referral the solicitor may be, at least partially, motivated by financial gain. Therefore, a referral may be made even though our advisory services may not be the most suitable for the prospective client's needs. As these situations present conflicts of interest, we have established the following controls to ensure our fiduciary responsibilities:

1. All referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client; and
3. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15. Custody

We previously disclosed in Item 5 (the Fees and Compensation section) of this Brochure that our firm directly debits advisory fees from client accounts, as authorized. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports to the custodian's statements to ensure that all account transactions, holdings and values are correct and current.

Item 16. Investment Discretion

Clients may hire us to provide discretionary portfolio management services. Where we have been provided investment discretion, we place trades in a client's account without obtaining specific client permission prior to each trade. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary advisory agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Portfolio management clients who have not granted such discretionary authority to Halsey Associates are advised that trades in their accounts will typically be executed after comparable trades effected in discretionary accounts due to the time involved in obtaining the requisite client approval. Consequently, these clients may not participate in blocked trades and there may be a difference in the price paid per share of a given security and the commission rates paid by these clients as compared to other clients.

Item 17. Voting Client Securities

Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may choose to receive and vote proxies related to their own accounts. In these circumstances, we will consult with clients regarding the proxy vote upon request. With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact our office by telephone, electronic mail, or in writing.

When we have discretion to vote proxies for our clients, we will vote those proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify clients of the conflict and obtain client consent before voting the proxy.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our office directly. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Halsey Associates has no additional financial circumstances to report and has never been the subject of a bankruptcy petition.