

Item 1 - Cover Page

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Empiric Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (512) 328-9321. 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.

Empiric Advisors, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Empiric Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Heather Taute, Financial Operations Manager at (512)328-9321 or [heather@empiricadvisors.com](mailto:heather@empiricadvisors.com).

Additional information about Empiric Advisors, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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#### **Item 4 – Advisory Business**

Empiric Advisors, Inc. (Empiric) provides investment counsel and investment management services to clients for a fee. Based upon client objectives and the client's expressed financial position combined with the investment strategies Empiric employs, Empiric will buy and sell securities in clients' accounts. On a quarterly basis, Empiric will provide a letter of the firm's current thinking about the markets, the economy and highlights on securities purchased for client portfolios. The Chief Investment Officer, Mark A. Coffelt, is available for consultations at (512)328-9321 and to discuss any changes to a client's financial situation.

#### **Item 5 – Fees and Compensation**

Our fees are 1/4 of 1.5% quarterly of the assets we manage. Fees are payable quarterly in advance and are due upon receipt of invoice. Either party may terminate the advisory agreement at any point; fees will be refunded on a pro-rata basis. Minimum fees per quarter are \$3,750, but the minimum may be waived at the discretion of management. In those instances where a part of the client's assets are invested in money market funds or mutual funds, the client will incur additional costs for the management of those funds by the funds over and above the fees charged by Empiric. Yields for money market funds are inclusive of these fund costs. In selecting such securities, we take into account a number of factors including the investment merits, the diversification afforded, as well as any additional costs to our clients and the alternative commission cost and practicality of duplicating the portfolio of a money market or mutual fund. For client's assets invested in the Empiric Core Equity Fund, from which Empiric receives annually 1.00% of the net assets as a management fee, the advisor charges no management fees outside of the expenses charged by the Empiric Core Equity Fund, which are disclosed in the prospectus of the Empiric Core Equity Fund.

Empiric's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Empiric's fee, and Empiric shall not receive any portion of these commissions, fees, and costs.

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

Empiric does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Empiric provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

Our investment process is as follows: Step One of our investment process is top-down: identify the market's "sweet spot," or what investment style, what market capitalization, what countries, what sectors, and what industries are generating the highest Sharpe ratios. Step Two is bottom-up: identify the quantitative "sweet spot," or what quantitative models are producing the highest returns. Step Three is to merge the top-down with the bottom-up and narrow our universe of stocks to approximately 200 potential buys to perform a qualitative overlay. That's where we seek information that might be missing from the data and not picked up by the computer models. Step Four is to buy or not buy a stock based upon its return and volatility impact on the portfolio. For individual clients we also look for investments that have dividend yield.

## **Item 9 – Disciplinary Information**

Empiric Advisors, Inc has never had any disciplinary actions history.

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

Empiric owns a 100% equity interest in Empiric Distributors, Inc., a registered broker-dealer and member of FINRA. Empiric intends to use its best efforts to effect client transactions through Empiric Distributors or its clearing broker, Pershing an affiliate of Bank of New York Mellon Company, to the extent that: Empiric can obtain best execution in such manner; no specific restriction applicable to the particular client account would prohibit such trades; and it is otherwise consistent with applicable law and Empiric's fiduciary duties to do so. Under the Stock Purchase Agreement between Empiric and Empiric Distributors, Empiric receives commissions attributable to trades for its client accounts affected through Empiric Distributor, less clearing costs as charged by Pershing. Empiric may act as a sub-advisor to other registered investment advisors or broker-dealers, which is fully disclosed to clients. Empiric acts as the administrator and the investment advisor for the Empiric Funds.

## **Item 11 – Code of Ethics**

Empiric has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Empiric must acknowledge the terms of the Code of Ethics annually, or as amended.

Empiric's employees and persons associated with Empiric are required to follow Empiric's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Empiric and its affiliates may trade for their own accounts in securities, which are recommended to and/or purchased for Empiric's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Empiric will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Empiric's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility

that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored on a quarterly basis under the Code of Ethics to reasonably prevent conflicts of interest between Empiric and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Empiric's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Empiric will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Empiric's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Heather Taute at [heather@empiricadvisors.com](mailto:heather@empiricadvisors.com).

It is Empiric's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Empiric will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

The Advisor has the authority to determine, without obtaining consent of the client before transactions are effected, both the securities which are to be bought or sold and the amount of such securities. Limitations to this authority would result if the client specified that certain investments were to be precluded such as "no tobacco, or no South Africa stocks." Clients may also choose to approximate the maximum amount to be allocated to common stocks.

## **Item 13 – Review of Accounts**

Client accounts may be reviewed as often as daily depending upon market and economic conditions, but no less than monthly. Mark A. Coffelt, the Chief Investment Officer reviews accounts and has primary responsibility to select stocks for client accounts. Heather Taute as the Chief Compliance Officer reviews accounts as described in the firm's Policies and Procedures Manual. Clients receive copies of all trade confirmations and an account statement including a position statement, the quarterly performance and the billing statement. Additionally, clients receive Empiric's quarterly letter with the firm's latest views of the market.

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

The Advisor serves as investment adviser to the Empiric Core Equity Fund. Investors may purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), and the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create conflicts of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment.

The Advisor may pay compensation, out of its own funds and not as an expense of the Empiric Core Equity Fund, to certain unaffiliated brokers, dealers or other financial intermediaries ("Intermediaries") in connection with the sale or retention of Fund shares and/or shareholder servicing. For example, the Advisor may pay additional compensation for the purpose of promoting the sale of Fund shares, maintaining share balances and/or for sub-accounting, administrative or shareholder processing services. Such payments are



in addition to any distribution fees, service fees and/or transfer agency fees that may be payable by the Fund. The additional payments may be based on factors, including level of sales (based on gross or net sales or some specified minimum sales or some other similar criteria related to sales of the Fund), amount of assets invested by the intermediary's customers (which could include current or aged assets of the Fund), the Fund's advisory fees, some other agreed upon amount, or other measures as determined from time to time by the Advisor. The amount of these payments, as determined from time to time by the Advisor, may be different for different Intermediaries.

The prospect of receiving, or the receipt of, additional compensation, as described above, may provide the Intermediaries and/or financial advisors and other salespersons with an incentive to favor sales of shares of the Fund over other investment options with respect to which the Intermediary does not receive additional compensation (or receives lower levels of additional compensation). These payment arrangements, however, will not change the price that an investor pays for shares of the Fund. Investors may wish to take such payment arrangements into account when considering and evaluating any recommendations relating to Fund shares. You should review carefully any disclosure by such brokers, dealers or other Intermediaries as to their compensation.

#### **Item 15 – Custody**

Empiric Advisors, Inc. does not take or hold physical custody of clients assets.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Empiric urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Currently the custodians for individual clients are Charles Schwab and Morgan Stanley Smith Barney.

#### **Item 16 – Investment Discretion**

Empiric usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Empiric observes the investment

policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Empiric's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Empiric by the client.

#### **Item 17 – Voting *Client* Securities**

Empiric Advisors Inc., as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

A copy of the Firms Proxy Voting procedures and how we have voted the prxies in the prior year will be sent to you free upon request.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Empiric's financial condition. Empiric has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### **Item 19 – Requirements for State-Registered Advisers**

Empiric Advisors, Inc. is not required to file as a State-Registered Adviser.