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This brochure provides information about the qualifications and business practices of Swarthmore Asset Management Ltd (also referred to as “Swarthmore” or “we”). If you have any questions about the contents of this brochure, please contact us at 212-741-2300. 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 Swarthmore is also available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### Material Changes

There are no material changes since the last annual update of our brochure.

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## Advisory Business

Swarthmore Asset Management Ltd provides investment advisory services. We've been in business since 1992 and are owned by Samuel N. Levin.

Swarthmore gives investment advice with respect to investments in foreign and domestic stocks; mutual funds; exchange traded funds; corporate bonds (investment grade and non-investment grade); U.S. government bonds, notes and bills; municipal bonds; money market funds; and stock options. We do not offer advice with respect to currency, commodity or real estate investments.

We tailor our advisory services to the individual needs of each client, based on their investment objectives, resources and risk tolerance. Clients may provide written restrictions on investing in certain securities or types of securities.

We do not participate in wrap fee programs.

As of December 31, 2011, we managed \$31,884,000 in client assets on a discretionary basis and no client assets on a non-discretionary basis.

## Fees and Compensation

We are compensated based on a percentage of the client's assets we manage and, in certain cases, an additional fixed fee. Our annual fee is 1% of the value of the account, measured quarterly, including accrued interest on bonds. The annual fee for court appointed guardianship accounts is above 1%. We have a minimum annual fee of \$5,000. Our fees are generally not negotiable, but we have occasionally waived the minimum annual fee. However, where we have waived the minimum annual fee, we generally charge more than 1% per year. Clients who are members of the immediate families of Swarthmore employees may pay less than 1% on an annual basis.

Clients are billed in advance for one quarter of the annual fee at the start of each quarter. This amount is prorated if an account is opened during a quarter or if new funds or securities are deposited in the account during a quarter. Clients execute a limited power of attorney which allows the brokerage firm holding the client's securities to deduct Swarthmore's fee from the client's account upon the submission of a bill by Swarthmore. A client may terminate his or her investment advisory agreement with Swarthmore on 30 days' written notice at any time, and prorated fees paid for the unexpired portion of the quarter will be refunded to the client as of the date of termination (30 days after written notice).

Clients whose assets are invested in mutual funds, exchange traded funds and/or money market funds in effect pay an investment management fee to the mutual fund, exchange traded fund and/or money market fund investment advisor, in addition to the investment management fee paid to Swarthmore. Clients incur brokerage and other transaction costs when securities are purchased or sold. These costs are not paid to Swarthmore.

Please see the Brokerage Practices section below.

Neither Swarthmore nor its employees accepts compensation from third parties for the sale of securities or investment products.

#### Performance Based Fees and Side-By-Side Management

We do not accept performance-based fees—that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### Types of Clients

We generally provide investment advice to the following types of clients: individuals, trusts, corporations, charitable organizations, and self-directed pension plans. In addition, Swarthmore provides investment advice to Mr. Levin in his capacity as the court appointed financial guardian or co-guardian of several minors and incapacitated adults, as well as in his capacity as the trustee or co-trustee under several irrevocable trusts.

We generally do not accept new accounts under \$500,000.

#### Methods of Analysis, Investment Strategies and Risk of Loss

When we invest client funds in individual company stocks, we examine the company's earnings history and balance sheet. We also look at analysts' projections for future earnings. When we invest client funds in individual municipal or corporate bonds, we examine the company or municipality's financial statements. We look at the bond's ratings. We also look at the duration of the bond, its interest rate, and any provisions which permit or require the company or municipality to buy back the bonds from our client at a fixed price.

When a widely diversified mutual fund or exchange traded fund would be suitable for a client's portfolio, we examine the type of stocks it contains and the management fees charged by the fund company to try to minimize the total costs for our client.

In addition to purchasing individual stocks and bonds for our clients, we sometimes sell call options on stocks in client accounts. We use this "Buy/Write" strategy only in cases where the client grants us permission to do so.

Clients should understand that investing in mutual funds, stocks and bonds involves risk of loss that they should be prepared to bear.

Investing in individual stocks or bonds involves the risk of partial or total loss on each such security. The risk of total loss is generally lower with investments in broadly diversified mutual funds or exchange traded funds. But even these investments involve the risk of substantial losses. In cases where we sell call options against a client's stock, there is the risk of loss if the stock price falls below the net price we paid for the stock less the amount we received from the sale of the call options. And, in such cases, if the stock price rises above the price at which the

buyer of the call option has the right to purchase such stock, our client may miss out on potential gains.

### Disciplinary Information

Since our founding in 1992, Swarthmore Asset Management has never been sued or been the subject of a complaint.

There are no 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. Neither Swarthmore nor Mr. Levin has been involved in any such legal or disciplinary events. This includes:

- criminal or civil actions in a domestic, foreign or military court;
- administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; and
- self-regulatory organization proceedings.

### Other Financial Industry Activities and Affiliations

Not applicable.

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

We adopted a Code of Ethics, which we will provide clients upon request. This Code requires our employees to comply with applicable regulations and to conduct themselves with openness, integrity and honesty.

We do not recommend to clients, or buy or sell for client accounts, any securities in which we or any related party has a material financial interest.

We sometimes invest in the same stocks, bonds and mutual funds that we recommend to clients. There is a potential conflict of interest. The amount of such securities available might be limited. But, since we do not purchase securities from initial public offerings, and do purchase stocks traded on the major exchanges, the potential conflict is minimal in the case of stocks and mutual funds.

We sometimes buy or sell the same securities at or about the same time that we buy or sell such securities for client accounts. We do not buy when we are selling for clients, nor do we sell when we are buying for clients. The potential conflict of interest is that we could favor ourselves by putting our own purchase or sale orders ahead of client orders. We address this conflict by ensuring that buy or sell orders for our own accounts are not executed unless and until orders are executed for the clients.

## Brokerage Practices

If a client evinces interest in opening an account with a discount broker, we suggest Pershing Advisor Solutions because of its quick and accurate executions, access to fixed income products at competitive prices, and competitive commission structure. During 2011, Pershing provided us with a total of \$4,333 worth of research under a “soft dollar” agreement with us. This agreement provides that a certain portion of the commissions earned by Pershing on publicly traded securities is used to purchase research for us. The research provided to us by Pershing includes The Value Line Investment Surveys and Pershing’s quotation service. The research provided by Pershing is used to service all of our accounts. We do not allocate such research based on the amount of soft dollars a particular account generates. When we use client brokerage commissions to obtain research, we obtain a benefit because we do not have to produce or pay for such research. This could create an incentive to recommend a broker-dealer based on our interest in receiving the research, rather than on our clients’ interest in receiving most favorable execution. We do not believe this presents a material conflict of interest, because of the relatively small amount of research we receive. It is our understanding that other brokerage firms routinely enter into similar arrangements, and we had a soft dollar arrangement with Charles Schwab previous to our working with Pershing.

We do not select or recommend broker-dealers based on whether we or any related person receives client referrals from that broker dealer or from some third party.

We do not request, require or permit our clients to direct brokerage.

On occasion, client securities transactions are entered for several accounts simultaneously. This has no effect on commissions. It may, on occasion, result in superior execution because it speeds the entry of orders, and it may affect the price since there will be an average price for all of the securities purchased from the bunched order on a given day.

## Review of Accounts

We review accounts on at least a monthly basis to determine whether securities in the account conform to the achievement of the goals of the client as described by the client to us. Mr. Levin is the company President. He reviews and decides on the investments for each account on at least a monthly basis.

The clients receive regular brokerage statements from the broker-dealer, which include securities purchases and sales, interest and dividends, current holdings, fees paid, and deposits and withdrawals. These statements are generally sent on a monthly basis and in all cases at least quarterly.

We provide quarterly written reports to clients that set forth the account values at the start of the year and the end of such quarter, and which list any withdrawals or deposits the client has made to the account.

### Client Referrals and Other Compensation

We do not receive any economic benefits from third parties in return for providing services to our clients and we do not compensate anyone for client referrals.

### Custody

According to applicable regulations, we have custody of client funds or securities in cases where Mr. Levin serves as the guardian or trustee. In those accounts where we have custody of client funds or securities, Pershing sends quarterly, or more frequent, account statements directly to the clients. Clients should carefully review those statements.

### Investment Discretion

We operate with discretionary authority to manage securities accounts on behalf of clients. In order to grant us discretionary authority, clients execute a limited power of attorney. Other than limitations imposed by applicable law, the only limitations on our authority to determine which securities to buy or sell for client accounts are specific investment guidelines and restrictions supplied by the client. These guidelines and restrictions must be made in writing.

### Voting Client Securities

We do not have authority to vote client securities. If clients do not opt out of receiving proxies and solicitations, they will receive their proxies or other solicitations directly from their custodian or a transfer agent. We do not advise clients on how to respond to particular solicitations.

### Financial Information

There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to clients.