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Form ADV, Part 2A
03/04/2016

This Brochure provides information about the qualifications and business practices of TRUST & FIDUCIARY MANAGEMENT SERVICES, INC. ("TFMS" or "Advisor"). If you have any questions about the contents of this Brochure, please call (201) 257-8945. 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.

Trust & Fiduciary Management Services, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. Additional information about TFMS is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated 03/04/2016 is our annual amendment and replaces our last annual amendment which was filed 03/27/2015.

Updates were made to the following sections of Part 2A since our last annual amendment:

As of March 4, 2016, Trust & Fiduciary Management Services, Inc. has moved its offices to 500 Route 17, Suite 208 A, Hasbrouck Heights, NJ 07604.

Item 4. Advisory Business – Assets Under Management

Item 10. Material Relationships or Arrangements

TFMS has developed the TFMS HIPS 300 Index and provides this index to Exchange Traded Concepts, LLC, who uses the information in its role as investment adviser to the Master Income ETF (NYSE: HIPS).

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Item 4 – Advisory Business

4. A. Advisory Firm Description

Trust & Fiduciary Management Services, Inc. (TFMS) was organized within a larger firm in 1990 to service high net worth individuals, institutions, and trust companies. In 2000 TFMS became an independent firm. Today, TFMS is a wholly owned subsidiary of Copell Financial, LLC. Steven C. Carhart and James L. Copell own majority control of Copell Financial, LLC, while TFMS employees and outside investors own the remaining interest.

4. B. Types of Advisory Services

TFMS provides investment advice on a discretionary basis to individuals, directly and through sub-advisory relationships, retirement plans, trusts, foundations, investment companies (including open ended mutual funds), state or municipal government entities, and other entities. TFMS provides equity, fixed and balanced portfolio management services for institutional and high net worth clients. This management is performed under a contract directly with the client or through a sub-advisory relationship with other companies. TFMS is also engaged in the development of products based on our experience managing these individual portfolios.

TFMS offers two investment strategies managed entirely in-house, an additional strategy managed using a model from a partner firm, and has relationships with other institutions which offer strategies complementary to our directly managed products.

TFMS also supplies a turn-key investment management service to banks, trust companies, financial planners, insurance agencies, investment advisors, brokers and other entities. This out-sourcing service consists of discretionary and non-discretionary asset management, performance calculation compared to established benchmarks, appraisals, transaction reports and various written reports and letters on various topics of interest to investors. These services are supplied under sub-advisory agreements with a fee splitting arrangement or on a flat fee basis.

4. C. Client Investment Objectives/Restrictions

TFMS will tailor advisory services to meet individual client needs and objectives. Through discussions with clients and their advisers, TFMS develops and manages client portfolios to meet client and strategy objectives. Relevant factors in this data-gathering process include but are not limited to time horizons, risk tolerance, liquidity needs, and, in the case of

individuals, tax issues. Each client account is managed according to the investment objectives of the strategy selected by the client and any restrictions placed on the account by the client.

4. D. Wrap Fee Programs

TFMS does not participate in, nor is it a sponsor of, any wrap fee programs.

4. E. Assets Under Management as of 02/29/2016:

Discretionary: \$113,789,691; 80 accounts

Non-Discretionary: \$1,863,494; 7 accounts

Item 5 – Fees and Compensation

5. A. Advisor Compensation

TFMS' fees are described generally below and detailed in each client's advisory agreement or applicable account documents. Fees for services may be negotiated with each client on an individual basis.

Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients, strategies and advisory arrangements. Fees may be negotiated on a basis different from TFMS' stated fee schedules, if circumstances warrant, and TFMS reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion.

Fee Schedules

TFMS utilizes a tiered fee schedule of a percentage of assets under management as opposed to a flat rate or a flat fee for our advisory services.

<u>Tier</u>	<u>Rate</u>
The First \$500,000	1.25% (125 basis points)
Portion of account over \$500,000 but less than \$2,000,000	1.00% (100 basis points)
Portion of account over \$2,000,000 but less than \$5,000,000	0.80% (80 basis points)
Portion of account over \$5,000,000	0.60% (60 basis points)

TFMS offers a discount of 20% of the total fee to charitable organizations.

Other Advisory Fee Arrangements

Although TFMS has established the tiered fee schedule above, Advisor retains the discretion to negotiate or waive certain fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining a negotiated fee schedule. The specific annual fee schedule is identified in the agreement between TFMS and each client.

Fees are negotiated with each institution or entity for which TFMS acts as sub-advisor. These fees vary depending on the services offered and the nature of the book of business. In separately managed account relationships, the fees charged to the client are similar to our base fee schedule (presented above) but are shared between TFMS and the other company.

In pooled investment vehicle relationships, such as Open Ended Mutual Funds, the fees charged to the client are dictated by the fund. Information about these fees is available from the fund directly.

5. B. Direct Billing of Advisory Fees

TFMS' agreement with the client and the separate agreement with any financial institutions (such as the Custodian) may authorize TFMS to debit the client's account for the amount of TFMS' advisory fee and to directly forward the fee payment to TFMS. In instances where a client has authorized direct billing, TFMS takes steps to ensure that the client's qualified custodian sends periodic account statements, no less frequently than quarterly, showing all transactions in the account, including fees paid to TFMS. Clients may request to be billed by invoice to make a direct payment for fees from an alternate account. Advisory fees for TFMS are billed quarterly in arrears but this can be negotiated on a client-by-client basis.

5. C. Other Non-Advisory Fees

TFMS' advisory fee is 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 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. A client's portfolio may include positions in mutual funds or exchange traded funds which also charge internal management fees, which are disclosed in those funds' prospectuses. TFMS does not receive any portion of these commissions, fees, and costs.

Clients are advised that if securities transferred into the client's account are sold, there may be transaction costs, fees assessed at the mutual fund level (i.e., contingent deferred sales charge), and/or potential tax ramifications. TFMS does not provide tax advice as part of its advisory services and is not qualified to do so. Clients are encouraged to consult a qualified tax adviser regarding tax matters.

Item 12 further describes the factors that TFMS considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

5. D. Advance Payment of Fees

Advisory fees for TFMS are billed quarterly in arrears but this is also negotiable.

An advisory agreement may be terminated according to the terms of the agreement and by written notice by either party. If a client terminates prior to the end of a quarter and has paid a fee in advance for the quarter, we will reimburse for the earned portion of the fee.

5. E. No Compensation for Sale of Securities or Other Investment Products

TFMS' supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

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

Item 7 – Types of Clients

TFMS provides investment advice on a discretionary basis to individuals, directly and through sub-advisory relationships, retirement plans, trusts, foundations, investment companies (including open ended mutual funds), state or municipal government entities, and other entities.

TFMS does not have a minimum account size except as dictated by our investment strategies underlying instruments. While there is no minimum account size, TFMS has found that our strategies are not practical with less than \$100,000; and a client with less than \$100,000 will find little value in retaining our services directly. Our strategies may be

available to individuals with less than \$100,000 by investing with an investment company which in turn has hired TFMS as a sub-adviser to the fund. A list of such funds is available upon request. TFMS does have direct clients with multiple accounts or accounts they control for the benefit of family members which are under the \$100,000 level. In these situations TFMS will manage the account according to the specific needs of the client. These types of accounts may not fit into one of our established strategies.

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

8. A. Methods of Analysis and Investment Strategies

TFMS offers two primary types or styles of investment management: Core Equity and Matrix Income. Our International Portfolio is a sub-advised product managed according to a model that mirrors our Core Equity strategy in the international arena utilizing American Depositary Receipts (ADRs) to obtain foreign exposure. Accordingly, the discussion of Core Equity valuation and risk here should be considered valid for International as well. Investing in securities involves risk of loss that clients should be prepared to bear. For information specific to our International product please contact us at 201-257-8945.

Matrix Income

Increasingly erratic returns from equity markets in recent years have prompted a reassessment of their investment objectives on the part of many investors. If an intermediate time horizon (3-5 years) is indicated and the potential need for income in the event of retirement, job loss, or burnout is of concern, more investors are considering this type of strategy. This approach is also finding increased acceptance for endowment funds charged with supporting current operations of not-for-profit institutions. Although these strategies will not produce returns comparable to equities in a good year, consistent returns in the high single digits are often regarded as sufficient to achieve investment objectives. The primary objective of this investment program should be to achieve returns—largely from dividend and interest income—higher than are typically available from investment grade bond portfolios or insured deposit instruments without taking the risk inherent in traditional equity portfolios. However, our Matrix Income strategy is a higher risk strategy compared to a well-managed and conservative bond portfolio.

The risk and volatility of our Matrix Income Portfolios are expected to be greater than traditional investment grade bond portfolios, but less than equity portfolios. Market value of the principal is subject to fluctuation and is not guaranteed, either at maturity or on a daily basis. Neither is the rate of payment of income, which is subject to the discretion of

the boards of directors of the entities whose shares are held. However, rates of income payment of these instruments vary only slowly over time, and the manager makes every professional effort to select instruments whose income payments are likely to be stable or improve. In addition, the diversification of the portfolio among types of holdings and individual issues serves to reduce the impact of any change in market value or income payment. Moreover, because income payments vary only slowly over time, they may be considered sustainable for planning purposes even during market value fluctuations.

The largest risk to the principal in a Matrix Income Portfolio is the freezing of the credit markets. Some of the securities we utilize in this portfolio are directly affected by the credit markets and other securities are sensitive to them indirectly. While all securities are exchange-traded and liquid, a sudden need to liquidate or raise cash in excess of that produced through dividends and interest can result in significant loss of principal.

Matrix Income investment ideas begin with a screening process designed to identify likely candidate securities based on yield and the current needs in the portfolio, as determined by the manager. Occasionally a candidate security is identified by other means such as a 3rd party research source/recommendation. The manager determines what the portfolio needs or is missing based on macro-economic factors and the manager's assessment of the portfolio's overall diversification. The candidate securities are then investigated in detail utilizing various 3rd party research and the analysis techniques, where applicable, used in Core Equity. This allows the manager to develop an understanding of how much risk a security represents in exchange for the income generated. The ultimate buy and sale decisions, as well as the composition of the portfolio, are made by the portfolio manager in his sole discretion.

Core Equity

Core Equity is an equity only strategy consisting of between thirty and fifty different stocks. It uses the S&P 500 stock index as a benchmark. The goal is to accomplish returns in excess of this index. This means that it is not unexpected for the portfolio to be down when the index is down. The portfolio has, as a secondary goal, to also exceed the S&P 500 dividend yield.

Our Core Equity investment process combines both valuation and a measure of current operating success. The valuation process utilizes a discounted cash flow model that is based on work by the Nobel laureates Franco Modigliani and Merton Miller. This model allows us to put a current and future value on the company. We examine operating success by comparing corporate operating results to market expectations. Our equity managers

combine these two “ways of thinking” together with insight from various research products and their investment experience into specific purchase and sale decisions. This analysis is repeated weekly or more frequently if the manager deems it necessary.

The generation of candidate stocks can begin with screens (both within the model and independently), with 3rd party research, news articles, or other sources of information. Once the idea has been generated the analysis is performed and an ultimate decision is made by the manager about the stock. This decision is either to buy it, to wait for a better price, or to discard the candidate.

Because Core Equity consists of between thirty and fifty stocks, it is a relatively concentrated portfolio. This amplifies the effects of individual issues when compared to broadly diversified equity accounts consisting of hundreds of different positions. While every effort is made to select low-risk companies utilizing the above mentioned model and methods, unforeseen events, such as natural disasters, can have a larger effect in our Core Equity portfolios when compared to more traditional equity strategies.

Balanced Portfolios

Our balanced accounts are constructed by starting with our Core Equity portfolio and adding income producing securities utilized in our Matrix Income portfolios to enhance the income component of the return. The specific securities utilized are determined by our Matrix Managers based on the risk profile of the client, the breakdown of the account between Core and Income, and the overall size of the account. In many cases, the income portion consists of a sub-set of the securities normally utilized in a purely Matrix portfolio.

Cash Management

In our view, cash management is an important service to our clients. Besides short term instruments such as commercial paper, treasury bills, and money funds, we may use high grade adjustable rate tax exempt securities which produce an above average return with minimal risk. These are generally state specific municipal bond money market funds.

Complimentary/Opportunistic Investments

TFMS may also on occasion supplement a client’s portfolio with other investments that do not fit into one of its core strategies. These investments are typically made as a result of individual client discussions, and they may be discretionary or non-discretionary.

8. B. Material Risks of Investment Strategies

There can be no guarantee of success of the strategies offered by TFMS. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies may employ limitations on particular sectors, industries, countries, regions or securities.

Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Management Risk. Assessments about the value and potential appreciation of a particular security may not be right and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our fair value approach may fail to produce the intended results.

Accuracy of Public Information. TFMS selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the adviser by the issuers or through sources other than the issuers. Although TFMS evaluates all such information and data and typically seeks independent corroboration when TFMS considers it is appropriate and reasonably available, TFMS is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Market Risk. There is the possibility that the value of equity securities may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects. Price fluctuations that may occur at the time of investment of a client account will impact the performance of the account. Analysis of pricing history or timing of investment in securities is not guaranteed to be accurate and could result in loss due to movements in a security's price and depending upon when action is taken to buy or sell a security.

Non-diversified Risk. Because the portfolios may invest a greater portion of their assets in securities of a single issuer or a limited number of issuers than a portfolio with

diversification requirements, they may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers.

8. C. Material Risks of Securities

Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses. Other investment strategy risk factors could include:

Stock Market Risk. The value of your investment in the Fund is based on the market prices of the securities the Fund holds. These prices change daily due to economic and other events that affect particular companies and other issues or the market as a whole.

Master Limited Partnership Risk. Holders of the units of master limited partnerships have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of master limited partnerships.

Real Estate Risk. The risk includes among others: possible declines in the value of real estate; risks related to economic conditions; possible shortage of mortgage funds; overbuilding and extended vacancies; increased competition; changes in property taxes, operating expenses or zoning laws; costs of environmental clean-up, or damages from natural disasters; limitations or fluctuations in rent payments; cash-flow fluctuations; and defaults by borrowers. REITs are also subject to the risk of failing to qualify for tax-free pass-through of income under the Internal Revenue Code and/or failing to qualify for an exemption from registration as an investment company under the 1940 Act.

Royalty Trust Risk. The risk includes among others: cash-flow fluctuations and revenue decreases due to a sustained decline in demand for crude oil, natural gas and refined petroleum products, risks related to economic conditions, higher taxes or other regulatory actions that increase costs for royalty trusts. Also, royalty trusts also do not guarantee minimum distributions or even return of capital.

Smaller Company Risk. The Fund may invest in micro, small or mid cap companies. Generally, micro, small and mid cap companies, which are often less seasoned, have more potential for rapid growth. However, they often involve greater risk than large cap companies and these risks are passed on to funds that invest in them. These companies may not have the management experience, financial resources, product diversification and competitive strengths of larger companies.

Foreign Securities Risk. Investment in securities of foreign companies can be more volatile than investment in U.S. companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than U.S. markets. In addition, the value of securities denominated in foreign currencies, and of dividends from such securities, can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar.

Fixed Income Risk. Yields and principal values of fixed income securities (bonds) will fluctuate. Generally, values of debt securities change inversely with interest rates. For example, as interest rates go up, the value of debt securities tends to go down and, as a result, the value of the Fund may go down. Additionally, fixed income securities are subject to the risk that a bond's issuer might be unable to make timely payments of interest and principal.

High-Yield or Junk Bond Risk. The risk that high yield securities, commonly known as "junk bonds," are subject to reduced creditworthiness of issuers; increased risk of default; more limited and less liquid secondary market than higher rated securities; and greater price volatility. Also, they are subject to a greater risk of loss of income and principal than investment grade securities.

Liquidity Risk. The possibility that securities cannot be readily sold within seven days at approximately the price at which a portfolio has valued them, which may prevent the Adviser from disposing of securities at a favorable time or price during periods of infrequent trading of such securities.

Closed-end and Exchange Traded Fund Risk. The risks that closed-end fund or exchange traded fund may experience many of the same risks associated with individual securities; is subject to market risk where the market as a whole, or that specific sector, may decline; and may trade at a discount to the aggregate value of its underlying securities.

Energy and Natural Resource Risk. The Fund's investments in energy and natural resources companies are especially affected by variations in the commodities markets (that may be due to market events, regulatory developments or other factors that the Fund cannot control) and these companies may lack the resources and the broad business lines to weather hard times. Energy companies can be significantly affected by the supply of and demand for specific products and services, the supply of and demand for oil and gas, the price of oil and gas, exploration and production spending, government regulation, world

events and economic conditions. Natural resources companies can be significantly affected by events relating to international political developments, energy conservation, the success of exploration projects, commodity prices, and tax and government regulations.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisor or the integrity of their management. TFMS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

10. A. No Registered Representatives

TFMS management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

10. B. No Other Registrations

TFMS' management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

10. C. Material Relationships or Arrangements

TFMS is under common control, through its parent company, with a small research enterprise specializing in requested reports. This enterprise no longer publishes research except to ratings agencies to maintain their historic research record. At the present time TFMS is the only client of this research company. The potential conflict of interest which existed in the past between TFMS and the research company's other clients has been eliminated by TFMS obtaining exclusive access to the research company's reports.

In addition to providing advisory services, TFMS developed the TFMS HIPS 300 Index, which is constructed to identify 300 high income securities, typically with "pass-through" structures. TFMS provides this index to Exchange Traded Concepts, LLC, who uses the information in its role as investment adviser to the Master Income ETF (NYSE: HIPS). TFMS receives an asset based fee for providing the index. TFMS may purchase the HIPS ETF in a

client account when it believes the fund meets the client's investment objective; however, it does not charge a corresponding management fee for this portion of the account.

TFMS has no other financial industry affiliations, relationships or material arrangements that require disclosure under this section.

10. D. Recommendation of Other Investment Advisors

TFMS does not recommend or select other investment advisers for clients.

Item 11 – Code of Ethics

11. A. Code of Ethics Document

TFMS has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended. A basic tenet of TFMS' Code of Ethics is that the interests of clients are always placed first. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment advisor owes to its clients. TFMS will provide a copy of its Code of Ethics to any client or prospective client upon request.

The Code also requires that all access persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

TFMS is required to treat its clients fairly in relation to potential conflicts of interest or material interests. TFMS has adequate policies and procedures to protect its clients' interests and to disclose to clients the possibility of conflicts. Such policies and procedures include, but are not limited to, TFMS' Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment.

11. B. Recommendations of Securities and Material Financial Interests

As a matter of policy, TFMS does not engage in principal transactions or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or his designee.

11. C. Personal Trading

TFMS has adopted a Code of Ethics intended, among other things, to ensure that personal investing activities by TFMS' employees are consistent with TFMS' fiduciary duty to its clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment advisor owes to its clients. For purposes of its Code of Ethics, TFMS has determined that all employees are access persons.

Access persons are permitted to buy or sell securities that it also recommends to clients consistent with TFMS' policies and procedures. All access persons are required to notify TFMS' Chief Compliance Officer ("CCO") or his designee in order to pre-clear personal securities transactions in Reportable Securities (as defined in TFMS' Code of Ethics). TFMS access persons may not trade at the same time in the same stock (or related securities like warrants, options and futures) as TFMS is trading in client accounts. TFMS access persons are also prohibited from trading the security for a period before the client's account is traded. TFMS access persons may not buy or sell securities between a client and their personal account. TFMS access persons are not permitted to take part in initial public offerings.

In order to avoid potential conflicts that could be created by personal trading among TFMS access persons, access persons must provide quarterly reports of their personal transactions within 30 days of the end of each calendar quarter, which may consist of monthly brokerage statements for all reportable accounts in which they have a beneficial interest, to the CCO. Access persons may direct their brokers to send copies of all brokerage confirmations relating to all reportable personal securities transactions in which they have a beneficial ownership interest. Access persons must also submit statements of their personal holdings in reportable securities as well as information about brokerage accounts to TFMS' CCO within 10 days after becoming subject to the Code of Ethics and on an annual basis thereafter.

11. D. Timing of Personal Trading

Since TFMS access persons may invest in the same securities or related securities (e.g., warrants, options or futures) that TFMS recommends to clients, no access person shall buy or sell a Reportable Security within seven calendar days prior to, or within seven calendar days after, a client trades in such Reportable Security. The price paid or received by a client account for any security should not be materially affected by a buying or selling interest on

the part of an access person, or otherwise result in an inappropriate advantage to the access person.

Item 12 – Brokerage Practices

12. A. Selection of Broker/Dealers

TFMS' objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the "best execution" with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, TFMS recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- TFMS' knowledge of negotiated commission rates and spreads currently available;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the ability of the broker-dealer to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered;
- TFMS' knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's access to underwriting offerings and secondary markets;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors;
- the broker-dealer's ability to accommodate TFMS' needs with respect to one or more trades including willingness and ability to maintain quality execution in unusual or volatile market conditions and to commit capital by taking positions in order to complete trades;
- the quality of communication links between TFMS and the broker-dealer; and
- the reasonableness of spreads or commissions.

TFMS periodically and systematically will review its policies and procedures regarding broker-dealer recommendations in light of its duty to obtain best execution for its clients.

Research and Other Soft Dollar Benefits

TFMS may pay more than the lowest commission rate available to brokers whose proprietary research, execution services, access to traders, soft dollar research support, margin loans should a client request it, or other legitimate and appropriate services are particularly helpful in TFMS' investment decision making process. Such research generally will be used to service all of TFMS' clients. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TFMS does not have to produce or pay for the products or services.

As part of this determination, TFMS recognizes some brokerage firms are better at executing some types of orders than others. Therefore, it may be in the best interest of the clients to utilize a broker whose commission rates are not the lowest, but whose executions result in lower overall transaction costs. The overriding consideration in selecting brokers for executing portfolio orders is the maximization of client returns through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers' research and execution capabilities.

TFMS does utilize soft dollars to pay for 3rd party research and related services for the benefit of its clients. No attempt is made to segregate these benefits to only the accounts which generated the soft dollars. These soft dollar arrangements may result in higher commissions than those obtainable through other broker-dealers. This research is used to service all TFMS clients and consists of sophisticated statistical databases and electronically delivered/accessed research information such as company, industry, and economy specific research reports and 3rd party ratings of securities. The presence of a Soft Dollar account with the broker and services provided which are linked to trading volume will factor into TFMS' selection of brokers. Where execution and best price are equal, TFMS directs brokerage on a trade-by-trade basis to maximize the desired benefits received. Once these benefits are secure, minimizing cost becomes the deciding factor in brokerage selection. While TFMS endeavors to never sacrifice best execution, services received from brokers may create an incentive to sacrifice most favorable execution in favor of brokerage related services.

Brokerage for Client Referrals

TFMS accepts referrals from brokers either on a solicitor basis or a sub-advisory contract. In both of these situations, the broker in question opens the account on behalf of the client prior to the client assigning investment authority to TFMS. The result is that the broker receives commissions for any trades initiated by TFMS.

There may be a conflict of interest because the client may be paying higher commissions while TFMS benefits from having the broker refer clients. We try to mitigate this conflict by seeking to ensure that the overall commission rates charged by the referring broker are generally equal or less than other brokers we place trades with.

In some situations a broker may refer a client to TFMS without the custody and brokerage services being provided through that broker. In these situations, the broker may receive a portion of the brokerage business generated by the account. TFMS tries to mitigate this conflict by seeking to ensure that the overall commission rates charged by the referring broker are also equal or less than other brokers we place trades with.

Directed Brokerage

While TFMS generally selects broker-dealers for separately managed client accounts, TFMS may accept in limited instances, direction from a client as to which broker-dealer is to be used for trades placed in that specific client account. If the client directs the use of a particular broker-dealer, TFMS asks that the client also specify in writing (i) general types of securities for which a designated firm should be used and (ii) whether the designated firm should be used for all transactions, even though TFMS might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients who, in whole or in part, direct TFMS to use a particular broker-dealer to execute transactions for their accounts should be aware that, in so doing, they may adversely affect TFMS' ability to, among other things, obtain volume discounts on blocked orders or to obtain best price and execution by, for example, executing over-the-counter stock transactions with the market makers for such securities.

Additionally, as noted above, transactions for a client that directs brokerage are generally unable to be combined or "blocked" for execution purposes with orders for the same securities for other accounts managed by TFMS. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the blocked order. Under these circumstances, the direction by a client of a particular broker-dealer to execute

transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if TFMS could negotiate commission rates or spreads freely, or select broker-dealers based on best execution. Consequently, best price and execution may not be achieved.

12. B. Aggregation of Orders

In making investment decisions for the accounts, securities considered for investment by one account may also be appropriate for another account managed by TFMS. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one account, TFMS may, but shall not be obligated to, aggregate or “block” orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or “blocked” trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Trades that span multiple brokers will have different outcomes. In order to minimize differences in these outcomes, TFMS will submit trades which span multiple brokers nearly simultaneously with care given to not bid against the Advisor. TFMS’ investment decisions are made at the investment strategy level, not the individual account level. This means that TFMS’ decision to trade an account is made simultaneously for all accounts within an objective and any difference in treatment comes from the execution of that decision.

Aggregation of transactions will occur only when TFMS believes that such aggregation is consistent with TFMS’ duty to seek best execution and best price for clients and is consistent with TFMS’ investment advisory agreement with each client for which trades are being aggregated. Client accounts with certain restrictions and directed brokerage clients may be unable to participate in blocked transactions.

TFMS generally will not aggregate trades for clients that may have limited TFMS’ brokerage discretion or other client accounts that it manages to the extent that those clients have directed their trading to the a particular broker-dealer. Orders for such clients will generally be aggregated only with similar clients and allocated in the same manner as described above.

Item 13 – Review of Accounts

13. A. Frequency and Nature of Review

TFMS will monitor client accounts as part of an ongoing investment advisory process. The review is conducted by the primary investment advisor on the account's investment objective and usually incorporates at least one other of our professionals.

TFMS sends a quarterly investment review to all clients. The report, which is essentially a performance report, is tailored to the account's investment objective. It is supplemental to the report provided by the custodian and is designed to facilitate communication with our advisors.

13. B. Factors That May Trigger an Account Review Outside of Regular Review

In cases of low tax cost, client restrictions, or other factors which cause TFMS to hold a security that Advisor would otherwise not hold, the position is reviewed at least monthly.

13. C. Content and Frequency of Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom TFMS provides investment advisory services will also receive a report from TFMS that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from TFMS with those they receive from their custodian.

Item 14 – Client Referrals and Other Compensation

14. A. Compensation Received by Adviser

TFMS maintains cross-marketing agreements with some like-minded firms. TFMS only enters into these agreements if the products offered by these firms do not create any conflict of interest. For example, if a private equity fund of funds company were to refer clients not suited for their product to TFMS and should one of TFMS' clients be interested in private equity, TFMS would refer that client to the private equity company. Should TFMS receive direct compensation for referrals such as this or pay for referrals from other firms, these arrangements will be disclosed to the client at the time the referral is made.

14. B. Client Referrals from Solicitors

TFMS may pay referral fees to independent persons or firms ("Solicitors") for client introductions. Whenever a referral fee is paid, the Solicitor is required to provide the prospective client with a copy of this document (the Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with TFMS;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid by the client will be increased above the normal fee schedule in order to compensate the Solicitor.

The client must acknowledge in writing this arrangement.

Item 15 – Custody

Qualified custodians maintain assets in accounts in the name of the client for the accounts managed by TFMS. TFMS may be deemed to have custody of client assets through situations in which the client has established standing instructions with the custodian for the payment of our management fee. In these situations, TFMS will require clients to place their assets with a qualified 3rd party to maintain the investment account. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. TFMS takes steps to ensure that the client's qualified custodian sends periodic account statements to the client, no less frequently than quarterly, showing all transactions in the account, including fees paid to TFMS.

TFMS urges clients to carefully review and compare official custodial records to the account statements that TFMS provides. TFMS statements may vary slightly from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities.

Item 16 – Investment Discretion

TFMS is given investment discretion in the advisory agreement between TFMS and the client. Through the advisory agreement, TFMS is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell;
- The total amount of securities to buy or sell;
- The broker-dealer through whom securities are bought or sold;
- The commission rates at which securities transactions for client accounts are affected; and
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

TFMS assumes discretion over the account upon execution of the advisory agreement with the client and upon notification from custodian that account is ready to trade. Clients may request a limitation on this authority such as identifying certain securities not to be bought and sold.

Item 17 – Voting Client Securities

17. A. Proxy Voting Policies and Procedures

TFMS generally does not vote proxies on behalf of its clients unless directed to do so by a client; however, in situations where clients have directed TFMS to vote proxies, it will do so in accordance with the following procedures. TFMS will vote such securities for the exclusive benefit, and in the best economic interest, of those clients and their beneficiaries, as determined by TFMS in good faith, subject to any restrictions or directions from a client. Such voting responsibilities will be exercised in a manner that is consistent with the general antifraud provisions of the Advisers Act, as well as with TFMS's fiduciary duties under federal and state law to act in the best interests of its clients. Clients may contact Jim Copell (CCO) at 201-257-8945 if they have questions about proxy information.

Item 18 – Financial Information

18. A. Advance Payment of Fees.

TFMS does not require or solicit prepayment of fees of more than \$1,200 from clients, six months or more in advance.

18. B. Financial Condition

TFMS has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients.

18. C. No Bankruptcy Proceedings

TFMS has not been the subject of a bankruptcy proceeding.