

Part 2A of Form ADV: *Firm Brochure*

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March 2, 2017

This brochure provides information about the qualifications and business practices of Beech Hill Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 212-350-7250 or vmarton@bh-adv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Beech Hill Advisors, Inc. also is 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 110457.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure is our disclosure document prepared according to the SEC's rules and requirements. This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

No material changes have been made to Form ADV Part 2A since our previous filing. If you wish to receive a full copy of our current Form ADV Part 2A one will be provided at your request.

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Item 4 Advisory Business

Beech Hill Advisors, Inc. is a SEC-registered investment adviser with its principal place of business located in New York. Beech Hill Advisors, Inc. began conducting business in 1988.

Listed below are the firm's principal shareholders (i.e., those individuals controlling 25% or more of this company).

- Paul Seth Cantor Esq., Chairman & President
- William Robert Wurm, Chief Executive Officer & Chief Information Officer

Beech Hill Advisors, Inc. offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment strategy. We create and manage a portfolio as a direct result of that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts primarily on a discretionary basis. Occasionally we will accept accounts on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

On occasion clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly at minimum. If necessary we rebalance the portfolio on an as necessary or annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Mutual fund shares
- United States governmental securities

- Options contracts on securities
- Interests in partnerships investing in securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

MUTUAL FUND PORTFOLIO MANAGEMENT

Our firm provides discretionary portfolio management services to clients. Portfolios are designed to meet a particular investment goal.

Beech Hill Advisors, Inc. provides these services to the Beech Hill Total Return Fund, Inc. (the "Mutual Fund"), a mutual fund registered under the Investment Company Act of 1940.

Beech Hill Advisors, Inc. serves as the investment manager to the Mutual Fund, and continuously manages the fund assets based on the investment goals and objectives as outlined in the Mutual Fund's prospectus.

Interested investors should refer to the Mutual Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. For copies of these documents contact us at 212-350-7250 or vmarton@bh-adv.com.

Prior to making any investment in the fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Fund.

FINANCIAL PLANNING

As part of our advisory process we offer financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. If a client is receptive to our planning approach they will receive a written Investment Advisory Plan which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years to determine the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.

- **INSURANCE:** On occasion, at the request of the client, we may review existing policies to ensure proper coverage for life, health, disability, long-term care and liability.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax and powers of attorney.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns, objectives and attitudes towards risk. We carefully review documents supplied by the client to assist in the preparation of the Investment Advisory Plan. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the Investment Advisory Plan is presented to the client in draft form shortly after the initial client meeting. A final Investment Advisory Plan is generally presented within a few weeks providing that all of the information needed to prepare the financial plan has been promptly supplied by the client.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer. All recommendations are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of January 31, 2017 we were actively managing \$219,199,247 of clients' assets on a discretionary basis plus \$2,217,307 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annualized fees for Portfolio Management Services are based upon a percentage of assets under management and are charged according to the following schedule(s):

Fee Schedule

1/4 of 1.5% (0.375%) per quarter of the first \$1,000,000 value of the account

1/4 of 1.25% (0.3125%) per quarter of the next \$1,000,000 value of the account

1/4 of 1% (0.25%) per quarter of the remaining value of the account

Plus \$15 flat transaction charge on securities transactions effected in connection with the management of your account.

Reduced fees may be charged on the value of bonds in the account.

Fee Schedule – Full Fixed Income Accounts

1/4 of 0.75% (0.1875%) per quarter of the first \$1,000,000 value of the account

1/4 of 0.625% (0.15625%) per quarter of the next \$1,000,000 value of the account

1/4 of 0.50% (0.125%) per quarter of the remaining value of the account

Plus \$15 flat transaction charge on securities transactions effected in connection with the management of your account.

Discounted fees may be available for Non-Discretionary accounts.

Our fees are billed in arrears at the end of each calendar quarter 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 quarter. Fees will be debited from the account in accordance with the client authorization in the Investment Management Agreement.

Generally a minimum of \$50,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Beech Hill Advisors, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Clients are billed according to their executed investment management agreement. Some of our longstanding clients may be billed on a preceding fee schedule consisting of a combination of management fees and discounted brokerage commissions on securities transactions effected in connection with the management of their accounts. We strongly encourage these clients to modify their agreements and move to our current fee schedule.

Limited Negotiability of Advisory Fees and Commissions: Although Beech Hill Advisors, Inc. has established the aforementioned fee schedule(s); we retain the discretion to negotiate

alternative fees on a client-by-client basis. We generally adhere to the fee schedules listed above with exceptions. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reports among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Performance based fees are not charged to individual investment advisory clients.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

MUTUAL FUND PORTFOLIO MANAGEMENT FEES

Beech Hill Advisors, Inc. charges an asset-based fee for this service. The fee arrangement, termination, and refund policies are described in the Mutual Fund's prospectus and Statement of Additional Information ("SAI").

Investment advisory clients of our firm who also invest in the Beech Hill Total Return Fund will pay only those fees charged to investors by the Mutual Fund, i.e., the value of the client's investment in the Mutual Fund is excluded from our quarterly portfolio management fee calculation.

LIMITED PARTNERSHIP PORTFOLIO MANAGEMENT FEES

Beech Hill Advisors, Inc. charges a performance based fee for this service. The fee arrangement is described in the Limited Partnership Agreement.

FINANCIAL PLANNING FEES

Financial Planning Fee Offset: Beech Hill Advisors, Inc. provides financial planning services to both existing and potential clients as a courtesy. Fees are waived for financial planning services.

Management personnel and other related persons of our firm may be licensed as registered representatives of Beech Hill Securities, Inc., our affiliated broker-dealer. In their separate capacities, these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which may result in a commission being paid to the individuals. This conflict is disclosed to clients verbally, in this Form ADV Part 2A and in applicable Form ADV Part 2B's.

BHA has addressed the potential conflict of interest through the creation of our current management fee schedule. This schedule increased the fee and replaced the

commission charge with a \$15 flat transaction charge thus eliminating any perceived conflict of interest. Personnel are not compensated and do not share in the \$15 flat transaction charge. Existing clients have been informed of the new fee schedule and while not mandatory, clients are strongly encouraged to migrate to the new schedule.

GENERAL INFORMATION

Termination of the Advisory Relationship: An Investment Management Agreement may be canceled at any time, by either party, without penalty for any reason or no reason during the management of the account upon delivery of written notice. Such termination, however, will not have the effect of cancelling any orders to deposit or invest cash or to purchase or sell securities or other properties placed prior to the receipt of such notice.

Mutual Fund Fees: All fees paid to Beech Hill Advisors, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETF's 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 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 mutual 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 imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional 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.

Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in advance of services rendered.

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

PERFORMANCE-BASED FEES

As disclosed in Item 5 of this Brochure, our firm accepts a performance-based fee from Beech Hill Partners, L.P. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client.

Limited partnership clients should be aware that a performance-based fee arrangement may create an incentive to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Individual investment advisory clients do not pay performance-based fees.

SIDE-BY-SIDE MANAGEMENT

Initial public offerings ("IPOs") or new issues are offerings of securities which frequently are of limited size and limited availability. These offerings may trade at a premium above the initial offering price. Due to the limited size and availability of IPO's and Secondary Offerings shares received would be insufficient to allocate to all advisory clients.

So as not to favor or disfavor any client over any other, in the event BHA participates in any new issues or secondary offerings, BHA's policy and practice will be to allocate shares exclusively to Beech Hill Partners, L.P., an institutional limited partnership managed by BHA. In the event that Officers and/or employees of BHA or its affiliated broker-dealer Beech Hill Securities, Inc. are invested in Beech Hill Partners, L.P. they are excluded from the allocation of these issues and will not share in syndicate investments. A separate carve out account within the limited partnership is utilized for this purpose.

BHA simultaneously manages multiple portfolios including separately managed accounts, mutual funds and hedge funds. Some of these accounts may be managed according to the same or similar investment strategies (i.e., side-by-side management). The management of these different accounts, some of which are charged a performance fee as well as management fees, and some of which are only charged management fees, creates certain conflicts of interest through activities such as trade allocations and investment decisions. Side by side management of portfolios with differing fees raises the possibility of preferential treatment of a portfolio or group of portfolios.

Trade Allocations

To address the potential conflict of interest BHA exercises due care to ensure that investment opportunities are allocated fairly and equitable over time among all suitable clients, regardless of their fee structure. Client trade opportunities are generally determined by Beech Hill Advisor's investment strategies as well as the client's investment objectives. Client transactions in the same securities are generally aggregated with trades for other accounts as block trades allowing execution in a timelier, more equitable manner, allocated at an average share price among all participating accounts. In the event the Advisor is unable to fill the entire order allocations are based on a trade rotation designed to help ensure that all clients are treated fairly and equitably. In the event that a pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors. Nonetheless, each account within a strategy will not necessarily be managed the same at all times. In general, investment decisions for each client account will be made independently from those of other client accounts, and will be made with specific reference to the individual needs and objectives of each client account. There is no requirement that Beech Hill Advisors use the same investment practices consistently across all accounts. Different client guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for accounts with a similar investment strategy, including differences in date purchased, securities selected and proportionate amounts.

Investment Decisions

The side-by-side management of a private fund managed with performance fees with other advisory clients could cause a conflict of interest in the investment selection process. Performance fees may create an incentive for BHA to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Subject to potential performance fees, Beech Hill Partners, L.P., is in fact managed in a more active manner, with higher assumed risk, seeking higher returns for qualified and accredited investors in which the strategy is appropriate. For this reason BHA has determined that this account is managed separately than our other advisory accounts. When possible, transactions for the LP are blocked with other accounts however the LP transactions are generally not entered side by side with standard or mutual fund clients. The differing risk and return objectives, securities selected and timing typically precludes the LP from participating in block or pro rate trading although there will be overlaps in the securities selected.

Item 7 Types of Clients

Beech Hill Advisors, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies(including mutual funds)
- Pension and profit sharing plans(other than plan participants)
- Other pooled investment vehicles(e.g., hedge funds)
- Corporations or other businesses not listed above
- Other

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:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

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. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

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.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily 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.

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.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. 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 us 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 us the holder 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 will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

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

Management personnel of Beech Hill Advisors, Inc. are separately licensed as registered representatives of Beech Hill Securities, Inc., an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While Beech Hill Advisors, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Mutual Fund:

Beech Hill Advisors, Inc. previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Beech Hill Total Return Fund, Inc., an investment company registered under the Investment Company Act of 1940. We are related to the Mutual Fund through common control. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

For additional information, the Fund Prospectus and Statement of Additional Information are available by contacting us at 212-350-7250 or vmarton@bh-adv.com. Prospective investors should review these documents carefully before making any investment in the Mutual Fund.

Other pooled investment vehicle(s):

Management personnel of Beech Hill Advisors, Inc. may also be managing member(s) of limited liability companies (LLCs) and/or general partner(s) to limited partnerships (LPs) formed for investment purposes. As appropriate, our advisory clients may be solicited to invest in such LPs. These related persons of our firm do not receive investment advisory compensation in relation to these investments, but do have a conflict of interest in soliciting client investments.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Related persons of our firm may spend as much as 20% of their time on these related activities.

A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1, Item 7.B. Part 1 of our Form ADV can be accessed on the SEC's website at www.adviserinfo.sec.gov. Click on Investment Adviser Search, Investment Adviser Firm and type in the Firm's IARD Number 110457.

Clients interested in investing in the partnership should refer to the partnership's private placement memorandum for more information specific to the partnership.

Paul Seth Cantor, Esq., a member of our firm's management, is an attorney licensed to practice law in the state of New York. He may on occasion provide legal advice to advisory clients of Beech Hill Advisors, Inc.

Beech Hill Advisors, Inc. and/or Management personnel of Beech Hill Advisors, Inc. are related, through common ownership and control, to Litchfield Investments, L.P., a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Beech Hill Advisors, Inc. or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1, Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

In addition, our firm serves as the investment adviser to such entities. Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

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

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.

Beech Hill Advisors, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards 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.

Beech Hill Advisors, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. If we have any particular access to non-public information, however limited, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to vmarton@bh-adv.com, or by calling us at 212-350-7250.

Principals of Beech Hill Advisors, Inc. are also Managing Members of Litchfield Management Co., Inc., the General Partner having primary responsibility of administrative matters, such as accounting tax and periodic reporting, pertaining Beech Hill Partners, L.P. (the Fund). Beech Hill Advisors, Inc. has the primary responsibility of the investment management of Beech Hill Partners, L.P. Beech Hill Advisors, Inc. and our members, officers and employees will devote to the Fund as much time as we deem necessary and appropriate to manage the Fund's business. Beech Hill Advisors, Inc. and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Fund, but could be allocated between the businesses of the Fund and other of our business activities and those of our affiliates.

Investments in the Fund may be recommended to advisory clients for whom a partnership investment may be a beneficial addition to and/or more suitable than would a separate advisory account managed by our firm. Clients who invest in the Fund are not charged any additional advisory fees for their partnership investment other than the advisory fee allocated to the limited partners of the Fund.

The Fund is not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Beech Hill Advisors, Inc. manages the Fund on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents.

As previously disclosed in this brochure, Beech Hill Advisors, Inc. is the investment adviser to an affiliated mutual fund. Please refer to "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) for a detailed explanation of this relationship and important conflict of interest disclosure.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell 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.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any private placement investments by related persons of the firm.
5. We have established procedures for the maintenance of all required books and records.
6. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. In conjunction with our affiliated broker-dealer we require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

BHA intends to direct all brokerage transactions to our affiliated broker-dealer BHS on an agency basis. Clients and prospective clients are made aware of the relationship between BHA and our affiliated broker-dealer, BHS, and that transactions are typically executed through BHS. By signing our Investment Management Agreement, clients acknowledge that BHA seeks to provide best execution for their trades, directs their brokerage transactions to BHS and that BHS has a process in place for achieving the best terms and net results on their transactions.

By directing brokerage to our affiliated broker-dealer, BHS, BHA is better able to manage client accounts. BHS responsiveness to BHA is immediate and a full range of services that include trading infrastructure and facilities, financial stability and capability, access to a wide range of secondary markets, reliability, speed, confidentiality, expertise, reputation, integrity and fairness in resolving problems and disputes. Other relevant factors are the availability of internal and third party research services, aggregating of trades, volume discount.

Best execution does not mean lowest cost. Our traditional fee schedule eliminates commissions, with the exception of a \$15 flat transaction charge, for our managed accounts. BHA has moved its business to a fee and flat transaction charge to provide transparency and avoid any suggestion of conflict of interest. Our traditional fee structure is 1.5% per annum, designed to be equivalent to our old fee schedule encompassing fees and retail commissions.

Some of our long standing clients continue to be billed on a legacy fee schedule consisting of a combination of management fees and discounted brokerage commissions on securities transactions affected in connection with the management of their accounts. We urge these clients to modify their agreements and move to our current fee schedule. This is in accordance with recognized best practices with the Securities and Exchange Commission. The near elimination of commissions seeks to provide greater assurance of best execution to our regulatory agencies.

BHA may accept client instructions for directing the client's brokerage transactions to a broker-dealer other than BHS. Any client instructions to BHA to direct brokerage transactions to a broker-dealer other than BHS are to be in writing with appropriate disclosures that for any directed brokerage arrangements BHA will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commission charges will vary among clients and best execution may not be obtained.

Clients must include any limitations on this discretionary authority in the Investment Management Agreement. Clients may change/amend these limitations as required. Such amendments must be provided to BHA in writing.

If a trade error in a clients account incurs a loss it will be absorbed by BHA assuming the error was incurred by the Advisors actions. If a trade error in a clients account results in a gain the profit will be credited to the respective client providing the error was incurred by the Advisors actions.

Beech Hill Advisors, Inc. 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, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at

an average share price. Beech Hill Advisors, Inc.'s 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 Beech Hill Advisors, Inc.
- 2) The portfolio manager(s) 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(s) must reasonably believe that the order aggregation will benefit, and will enable Beech Hill Advisors, Inc. 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. Clients should note that in the case of managed accounts commissions can not be specifically calculated as a factor of best execution due to varied circumstances. Some of our clients have chosen a lower management fee discounted commission option while others chose the alternate higher fee \$15 transaction fee option. BHA will aggregate client transactions where possible and where advantageous to clients. In all such instances, clients are to receive an average share price. Transaction costs however will be shared equally and on a pro-rata basis among all clients subject to their selected commission schedules. For example, as discussed in Item 5, clients are managed in two different fee and commission arrangements. Those in the discounted commission schedule will be charged equally and on a pro rata basis their respective commission charges at the same discounted rate. Those subject to the flat transaction fee will all be charged the same flat \$15 transaction fee. Further note that commission pricing differentiates between institutional and standard advisory clients as per common industry practice.
- 4) Prior to entry of an aggregated order, a review of client accounts is undertaken to identify each account participating in the order and the proposed allocation of the order. Upon execution the trade is allocated.
- 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. However, adjustments to this pro rata allocation may be made to participating client accounts at the discretion of the investment adviser. 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 share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) Beech Hill Advisors, Inc.'s 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.
- 8) Funds and securities for aggregated orders are clearly identified on Beech Hill Advisors,

Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

9) No client or account will be favored over another.

Item 13 Review of Accounts

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: Beech Hill Advisors, Inc. continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus.

REPORTS: Clients should refer to the Fund Prospectus for information regarding regular reports to the fund by Beech Hill Advisors, Inc.

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Investment Advisory accounts are continually monitored, these accounts are reviewed quarterly. 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 individual investment managers designated by the advisory client. Supplementary supervisory reviews are conducted by Paul Cantor, President and CEO &/or Veronica Marton, Administrator and Principal.

REPORTS: In addition to the monthly statements and confirmations of transactions that Investment Advisory clients receive from the clearing firm of their broker-dealer, Beech Hill Advisors, Inc. will provide quarterly reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

Solicitors are compensated quarterly based on a percentage of the management fee charged to the clients account. As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Beech Hill Advisors, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

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 quarterly account reports directly to our clients. We urge our clients to carefully compare the information provided in these documents to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

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
- determine the timing in which to buy or sell

Clients give us discretionary authority when they sign a discretionary Investment Management Agreement with our firm. Clients may place reasonable limitations on this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. Beech Hill Advisors, Inc. reserves the right to reject such limitations and decline the opening of the account.

Item 17 Voting Client Securities

We do not vote proxies for individual client accounts. Individual clients are responsible for voting their own proxies.

Our firm may provide investment advisory services relative to client investment assets such

as making all elections relative to any mergers, acquisitions &/or tender offers. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

We do vote proxies for the Beech Hill Total Return Fund. We will vote those proxies in the best interests of its clients and in accordance 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 to vote proxies.

We do not vote proxies for the Beech Hill Partners, L.P. as we have determined that it is not in the best interest of the partners of our limited partnership. The reasons are numerous and clear. As explained in our Private Placement Memorandum, in the course of doing business the fund may go long or short a stock, hedge current positions, maintain long and short positions, options, straddles, etc. and may hold positions for the short term. The desired outcome of each position taken may contrast with a previously voted proxy. The limited partners in the partnership may also be clients of Beech Hill Advisors. By not voting on proxies for the partnership we have effectively eliminated any perceived conflict of interest with the proxy voting of the advisory clients. Furthermore, Beech Hill Partners has no business or personal relationships with the companies in which it invests or the participants in proxy contests, nor does it have relationships with corporate directors or candidates for corporate directorships, has small share positions that are unlikely to influence any vote, and often has already exited a position by the time proxy voting materials have been received.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in advance of services rendered. Therefore, we are not required to include a financial statement.

An advisory firm that is deemed to have custody of client accounts is generally subject to a surprise audit and required to provide a copy of the firm's balance sheet to their clients. However, Beech Hill Advisors, Inc. generally does not have custody of client accounts. Our correspondent clearing firm has custody of all our client accounts with the exception of the Beech Hill Partners, L.P. account. By virtue of our position as the General Partner, we have the authority to dispose of funds and securities in the limited partnership's account and thus have custody of client assets. Beech Hill Partners, L.P. is a pooled investment vehicle managed by Beech Hill Advisors, Inc. An independent public accountant audits the pooled investment vehicle annually and the audited financial statements are distributed to the investors in the pool. Therefore, we are not required to include a financial statement.

We are however required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Beech Hill Advisors, Inc. has no additional

financial circumstances to report.

Beech Hill Advisors, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.