



MH & Associates Securities Management Corporation
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FORM ADV, PART 2A BROCHURE

May 31

2011

This brochure provides information about the qualifications and business practices of MH & Associates Securities Management Corporation. If you have any questions about the contents of this brochure, please feel free to contact us at (626) 440-9694 or lara@mhandassociates.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 MH & Associates is also available on the SEC's website at www.adviserinfo.sec.gov. Our SEC CRD number is 110516.

Material Changes

Annual Update

MH & Associates is providing this information as part of our annual updating amendment which contains material changes for our last annual update. This section discusses only material changes since the last annual update which most recently occurred on May 31, 2010.

Material Changes Since The Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the “Brochure”) and Part 2B (the “Brochure Supplement”). Each update of the Brochure must now include a summary of all material changes since the last annual update.

This Brochure, dated May 31, 2011 is materially different in structure and contains new information that our previous annual update did not require.

There have been no other material changes since our last annual update.

Full Brochure Availability

The full brochure for MH & Associates is available by contacting Lara Heilman at Lara@mhandassociates.com or by calling (626) 440-9694

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Advisory Business

Firm Description

MH & Associates (“the firm”) is a registered investments advisor with the Securities and Exchange Commission. The Firm was incorporated in June 1981. MH & Associates is an independent firm with no outside corporate ties or affiliations. Registration of an investment advisor does not imply any level of skill or training.

Principal Owners

J. Robert Meichelbock and John Z. Heilman are the principal owners of MH & Associates. J. Robert is the president and Co-Chief Investment Officer and John Heilman is the Vice President and Co-Chief Investment Officer.

Types of Advisory Services

MH & Associates Securities Management Corporation primarily provides investment management services using a “balanced” investment style/approach. This balanced approach utilizes various investment vehicles including equities, fixed income securities and mutual funds.

In its full discretionary relationships the firm provides the following investment management services:

- Continuous asset allocation between equities, convertible securities, long term securities, short-term debt securities and cash equivalents.
- Supervision and review of all securities held in client’s account.
- Determination of which securities should be held, purchased and sold and execution of transactions.
- Periodic reports and, as agreed to by client, meetings to explain and review investment policy and strategy and performance results.

Tailored Relationships

The firm also provides the same services, as described above, that are not full discretionary. Due to different investment objectives, investment time horizon or risk tolerances of a client, the client can request that the account, within the framework of a balanced investment style, have different investment orientation, i.e. higher income orientation or higher equity exposure.

Client Assets

As of May 31, 2011, MH & Associates managed \$99 million of client assets, all on a discretionary basis.

Fees and Compensation

Description

MH & Associates is compensated for our advisory services by fees received by our clients. The basic fees for discretionary investment management services are generally based on a percentage of market value of the assets as listed in the next section.

Fee Schedule

<u>Account Size</u>	<u>Annual Rate</u>
First \$3,000,000	1.0% Per Annum
Next \$3,000,000	0.8% Per Annum
Next \$4,000,000	0.6% Per Annum
Over \$10,000,000	0.5% Per Annum

The fee can, in some cases, be higher in taxable accounts depending on the tax planning and monitoring the firm does. Occasionally, the firm has reduced its fees to non-profit organizations and/or in competitive situations. Prior to 08/1/2008, the firm operated under a different fee structure.

Fee Billing

Fees are calculated at the end of each quarter and are based on the market value of assets on the last business day of each quarter. One fourth (1/4) of the annual fee is payable at the time of each computation. Upon client approval and dependant on the custodian having the technology, the firm will charge the client's account directly for fees due on a quarterly basis. Under this direct charge method, the invoice(s) will be submitted to the custodian three business days after the firm's statement and invoice are sent via mail.

Contract termination procedures and conditions are that either party be given written notice of termination. In the events of termination during a quarterly billing period, the amount of the final fee payable shall be prorated as of the date of termination. The client has the right to terminate the contract, without penalty or cost, within five (5) business days after entering the contract.

Other Fees

The firm utilizes, in certain circumstances, mutual funds and/or Exchange Traded Funds (ETFs) in its investment management services and the client will indirectly incur additional investment management fees and other expenses that are charged by the mutual fund and/or ETF. The circumstances in which mutual funds and/or ETFs are typically used are:

- (1) To achieve a broader diversification in a specialized industry or group
- (2) To achieve investment diversification in a specific country or region
- (3) Closed-end funds that are selling at a discount to its net asset value.

Additional Compensation

Please see the section on "Other Financial Industry and Affiliations"

Performance-Based Fees and Side-By-Side Management

MH & Associates Securities Management Corporation is the general partner and investment advisor of MH Opportunity Fund L.P. a California Limited Partnership. Please see the section on “Other Financial Industry and Affiliations” for additional information.

Types of Clients

Description

MH & Associates clients include:

- Individuals
- Pension and Profit Sharing Plans
- High Net Worth Individuals
- Charitable Organizations

Account Minimums

As a general rule the firm requires a minimum of \$300,000 to establish an investment advisory account. In certain circumstances the firm will consider establishing an account with less than \$300,000 due to expected additional cash flow or a pre-existing client relationship.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

MH & Associates investment philosophy is to search for fundamentally sound investments with potential for long term growth. The firm determines buy and sell recommendations individually based on the conditions of the issuer, industry sector, and market conditions.

The firm relies on information from a wide range of sources, the Wall Street Journal, Barron's, brokerage research reports, a company's annual and quarterly reports and public information and information on sites such as Bloomberg. We may also speak with members of management teams of companies we wish to consider for investment.

Approach to Equity Investments:

When determining the merits of an equity security, MH & Associates uses a variety of financial analysis techniques and quantitative methods to arrive at a given investment decision. Below is a list of common ways we may evaluate potential equity investments:

- Balance sheet analysis
- Income statement analysis
- Cash flow analysis
- Ratio analysis
- Common size financial statements
- Comparative multiples analysis
- Dividend discount analysis
- Technical analysis
- Statistical analysis

These techniques and methods can indicate important characteristics of the security including financial strength and flexibility, operational performance, earnings and growth potential, relative and intrinsic value, buy and sell points, volatility, correlation with other portfolio assets, and other recognized means of security evaluation. Furthermore, consideration of other variables such as technological innovation, new product or service launches, economies of scale, and changes in market power may play a significant role in the decision making process.

Approach to Fixed Income Investments:

MH & Associates uses fixed income securities to add stability and income to our client portfolios.

When the firm evaluates fixed income securities it considers the broad economic environment, including factors such a current and expected future interest rates, GDP growth, and inflation expectations. Additionally, the attributes of a potential fixed income security such as credit quality, duration, payment structure and maturity are factored in the analysis to determine if the yield or total return is reasonable given the broad economic environment.

Common fixed income securities that the firm may invest in are investment grade corporate bonds, high yield bonds, U.S. government securities, mortgage linked securities, foreign government securities, floating rate bonds, preferred and convertible preferred securities.

The firm typically uses discounted closed end mutual funds, open ended mutual funds, along with exchange traded funds when making fixed income investments due to liquidity and diversification concerns of holding individual names. However, the firm has and will select individual names when appropriate.

We make investment decisions within the context of the overall domestic and/or global economy as well as the condition of the financial markets. Macroeconomic indicators, political events and geopolitical situations are closely monitored as these factors often can have dramatic effects on the economy and financial markets. However, the ultimate decision about an investment lies in the strength and merit of its unique characteristics, determining whether it is acquired for client portfolios and in what quantity it is maintained therein.

When deciding to sell securities, the firm uses many of the same criteria discussed above. We often sell when, in our judgment the price of a given security has risen to meet our target, or exceeded our estimate of its fair value. We also may sell a security when either economic conditions underlying our original decision change, or changes in the security itself differ from our original assumptions.

Investment Strategies

MH & Associates Securities Management Corporation primarily provides investment management services using a “balanced” investment style/approach. This balanced approach utilizes various investment vehicles including equities, fixed income securities and mutual funds.

In its full discretionary relationships the firm provides the following investment management services: (a) continuous asset allocation between equities, convertible securities, long term securities, short-term debt securities and cash equivalents, (b) supervision and review of all securities held in client’s account, (c) determination of which securities should be help, purchased and sold and execution of transactions, (d) periodic reports, as agreed to by client, meetings with client to explain and review investment policy and strategy and performance results.

The firm also provides the same services, as described above, that are not full discretionary. Due to different investment objectives, investment time horizon or risk tolerances of a client, the client can request that the account, within the framework of a balanced investment style, have different investment orientation, i.e. higher income orientation or have greater exposure to growth investments.

Additionally, on a selected “case-by-case” basis the firm will provide(s) investment management services using an investment style other than the balanced approach i.e. equity investment management.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. The firm controls risk of loss primarily through diversification within its balanced investment style.

Decision & Review Process

The principals of the firm, J. Robert Meichelbock and John Heilman, make all investment decision jointly. The principals, who are also portfolio managers, conduct all the investment reviews.

The principals conduct informal meetings to exchange views, to analyze one another’s investment ideas, and agree upon transactions. The principals are aware at all times of the timing of client transactions. Accounts are reviewed informally on a continuous basis. A formal review is made each month. In the review process the account is assessed to insure that the “asset mix” is consistent with the current strategy as well as client objectives.

Investment Limitations

MH & Associates has discretion to determine, without client consent, the type and quantity of securities to be purchased or sold for a client's account. Limitations, if any, are typically conveyed, orally or written, by the client in the form of investment guidelines. Also, the firm, as an internal policy, has a limitation as to the maximum commitment to any one security (other than mutual Funds and U.S. government securities) of 5%, at cost, of the account value.

Disciplinary Information

MH & Associates and our management personnel are not currently, nor have they ever been a part to any legal or disciplinary action.

Other Financial Industry Activities and Affiliations

Broker-dealer or Registered Representative

None of MH & Associates management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Material Relationships or Arrangements with Financial Industry

• MH Opportunity Fund, L.P.

MH & Associates Securities Management Corporation is the general partner and investment advisor to MH Opportunity Fund L.P. a California Limited Partnership.

The Partnership is an investment partnership and was designed for those investors who can accept a high degree of risk including the possible loss of their entire investment. The Partnership invests in stocks and other financial instruments attempting to achieve a high return. The investments of the Partnership focus on companies that typically will have a small capitalization, are undervalued and can include growth companies, asset based companies and financially troubled companies. Also, the Partnership can take a “short position” in those companies that it believes are poorly managed, and/or overvalued.

As General Partner, MH & Associates can receive 25% of the Net Operating Profit of the Partnership for the year that is in excess of an annualized 5% return on Partner Capital. The General Partner also receives \$1,000 per month to cover ordinary, routine operating expenses.

The General Partner currently provides investment management to its clients (which may consist of pension and profit sharing plans, trusts, business entities and individuals). A potential conflict of interest may exist as the General Partner may execute trades for these accounts that are different from trading decisions made on behalf of the Partnership. Also, the General Partner and its employee’s can trade in securities for their own account provided that those transactions do not disadvantage or interfere with performance of its obligations and duties to the Partnership. There are formal internal guidelines and pre-clearance procedures with regard to conflicts of interest in such transactions that are discussed under the Code of Ethics.

• Separately Managed Account Arrangements

MH & Associates has been selected as an investment advisor under a Separately Managed Account (“SMA”) arrangement sponsored by Mutual Securities, Inc. (a affiliate of National Financial Services). Under such SMA arrangements, Mutual Securities make referrals to MH & Associates. The prospective client then makes their own independent decision to retain our services. We manage portfolios under the SMA arrangement in the same manner as its other client relationships (*see Methods of Analysis, Investment Strategies and Risk of Loss for additional information*), however, reporting and fee billing for these accounts is the responsibility of Mutual Securities. Fees for these accounts are somewhat higher under this relationship as Mutual Securities has a higher fee structure than MH. All trades are aggregated with our regular advisor clients and receive no different treatment. There is no conflict of interest with regard to Mutual Securities, Inc.

Code of Ethics

Introduction

The Board of Directors of MH & Associates Securities Management Corporation has adopted this Code of Ethics to assist and guide its employees in the maintenance of the high standard of conduct in the performance of their duties.

Purpose

This purpose of this Code of Ethics is to promote:

- honest and ethical conduct between the firm's employees and its professional relationships;
- compliance with applicable governmental laws, rules and regulations;
- the internal reporting of violations and the accountability for adherence to the Code of Ethics
- compliance with the reporting requirements

Covered Employees

This Code of Ethics is designated for all permanent employees of the firm. All employees will agree to be bound by this Code of Ethics and shall annually acknowledge in writing the understanding of, and the intention to comply, with this Code of Ethics.

Section 1: Ethical Conduct/Conflict of Interest Issues

MH & Associates Securities Management Corporation endeavors to operate and conduct its business in a high ethical and professional manner. The employees are required to adhere to high moral standards and be honest and ethical in carrying out their duties and in dealings with the firms' clients and third parties.

MH & Associates as a fiduciary has a duty of loyalty to its clients and places the best interests of its clients first and foremost. The employees are expected to avoid engaging in activities that conflict with the best interests of the firms' clients. The following will serve as a guide to the types of activities that might create a conflict of interest, but it is not exclusive:

Personal Trading

When MH & Associates personnel invest for their own accounts, the interests of clients will come first and the client will not be disadvantaged by the activities/trading by the firm's employees. Certain procedures and safeguards are in place, through the firms Compliance Policy relating to personal trading, to assure that the clients are not being disadvantaged by the trading by the firms employees. Except for "Exempted Transaction" as noted below, employees are required to obtain approval of personal security transactions through submission and approval of a Pre-clearance form which outlines planned security transactions.

The following types of investment transactions, by the firm's employees, are "exempted transactions" from the requirement to submit and obtain approval through the submission of a Pre-clearance form:

- Direct obligations of the United States Government;
- Open-ended investment company shares;
- Short term debt instruments (i.e. commercial paper, certificates of deposit, repurchase agreements); and

- Automatic investment plans whereas purchase and sales of securities are made automatically in accordance with a predetermined schedule and allocation, such as dividend reinvestment plan.

Significant Ownership

The firm or its employees will not own a significant position (greater than 5% of the outstanding equity) in any public entity in which the firm invests for its clients.

Gifts/Entertainment

Employees shall not accept gifts, entertainment, special accommodations or other things, valued at more than \$250.00, from any person or entity that does business with or on behalf of the firm. Further, employees may not give or offer any gift of more than \$250.00 in value to existing clients, prospective clients, or any other entity that does business with or on behalf of the firm without prior approval by the chief compliance officer.

Employees shall not give or accept cash or cash equivalents to or from a client, prospective client, or any entity that does business with or on behalf of the firm.

In addition, the following additional activities are considered as prohibited activities and are to be avoided:

Inside Information

Employees shall not trade in any securities based upon knowledge or information that has not been reported publicly ("inside information").

IPO's and Private Placements

Employees are required to obtain prior approval from the Compliance Officer before investing in an IPO's (Initial Public Offering) or Private Placements.

Confidentiality

The firm's relationships with its clients are confidential. Information concerning client's personal and financial circumstances shall not be revealed except as required by law or in the maintenance of the client's account.

Directorship

No employee shall serve as director of any publicly traded company without first obtaining approval of the Compliance Officer.

Section 2: Compliance with Government Rules and Regulations

Each employee is required to comply with all applicable laws, rules and regulations governing the conduct of the firm's business. Employees are to report any suspected violations to applicable laws, rules and regulations to the Compliance Officer or Co-compliance officer.

Section 3: Accountability for Adherence to the Code of Ethics

Known or suspected violations of this Code of Ethics must be immediately reported to the Compliance Officer or the Co-compliance Officer and shall be reviewed and investigated promptly.

Violations of this Code of Ethics may result in disciplinary action. The Compliance Officer shall determine, or shall designate appropriate person(s) to determine, suitable action in response to violations of this Code of Ethics. Disciplinary action shall be based on, among other things, the severity of the violation, whether it is a first or repeat offense, and whether it is a pattern of disregard for the letter and intent of this Code of Ethics.

If there is a question about this Code of Ethics, guidance should be sought from the Compliance Officer.

Every year, each employee shall receive and read the firm's Code of Ethics and acknowledge as such by signing the following statement:

I have received and read the Code of Ethics and I understand its contents. I agree to comply fully with the Code of Ethics and understand that I have an obligation to report any suspected violations of the Code of Ethics to the Compliance Officer or the Co-compliance Officer.

Section 4: Reporting

For purposes of this section the reports indicated below are to be submitted to the Chief Compliance Officer. The Chief Compliance officer will submit its reporting to the Co-compliance Officer or the Chief Executive Officer.

Investment Holding Report

Within 10 business days of becoming any employee of the firm, and annually thereafter, an investment holdings reports shall be submitted for review. The report shall show the name and type of security, ticker or CUSIP number, number of shares, market and or principal value, the name of financial institution in which investments are held, and the date the report is submitted for review. The information supplied must be current as of the date submitted and no more than 45 days before the initial or annual report is submitted.

Monthly Transaction Report

Within 10 business days of month-end all employees will submit, for review, a transaction report covering all transactions during the month. The report shall contain the name of the security transacted, date of transaction, ticker symbol or CUSIP number, interest rate and maturity date in the case of bonds, number of shares or principal amount, nature of transaction, price in which security was transacted, the name of financial institution in which transaction was effected. *It is noted that the official requirement is for quarterly reporting. However, the firm already has in-place a procedure whereas monthly transaction reports are submitted under its Policy & Procedure relative to Personal Transactions. Thus, this requirement is satisfied through that procedure.*

Brokerage Practices

Selecting Brokerage Firms and Best Execution

MH & Associates, as a fiduciary to our advisory clients, endeavors to seek best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission cost but the best overall qualitative execution.

In evaluating brokerage firms, the firm seeks to obtain the best results for its clients, taking into consideration such factors as commission rates, reliability, and financial responsibility. When more than one brokerage firm is believed to meet these criteria, preference may be given to brokers who provide research services or are more responsive to the firm. To ensure that the clients are receiving the best execution, a formal review has been instituted and will be conducted periodically to evaluate broker-dealers that are currently being used as well as an evaluation of services available by other broker-dealers.

The firm's authority as to the selection of a broker-dealer used to effect security transactions varies. Due to significant commission savings that are offered, the firm suggests that client's have/or establish a custodial relationship with discount brokerage firms. The vast majority of the firm's accounts have custody relationships with discount brokerage firms and all transactions for these accounts are placed with the client's corresponding discount brokerage firm.

If the accounts that have custody relationships with discount brokerage firms, a substantial number are with two discount brokerage firms that the firm currently suggests. The firm does not receive any research services from these two brokerage firms.

The Compliance Officer and/or other personnel of the firm will periodically review its best execution procedures. This review will be documented.

Research and Soft Dollars

MH & Associates does utilize research related services obtained from broker-dealer on a soft dollar commission basis.

Research Services

The firm may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of research provided by the brokerage firm. The following research products and services are received: payment of fees for economic and technical publications, periodicals, and investment newsletters.

If the firm receives products or services that have a "mixed use" (research and non-research purposes) the firm will reasonably allocate, in good faith, the cost among research and non-research use.

Approval

The compliance officer shall approve all research services obtained from broker-dealers on a soft-dollar commission basis.

Reconciliation

On a monthly basis, a reconciliation will be conducted to verify the commission paid, commission credited and soft-dollar services received.

Directed Brokerage

MH & Associates does accept accounts whereby the client has directed the firm to place security transactions through a particular broker-dealer.

Client Directed Broker-Dealer (Non-Consultant Relationship)

Absent a preference by the client, and due to significant commission savings that are offered and to simplify certain administrative tasks, the firm does suggest that client's establish a custodial relationship with one of two discount brokerage firms that the firm has extensive experience with. The firm does not receive any research services from these two brokerage firms but does act as investment advisor under a Separate Managed Program for one of the broker-dealers.

Client Directed Broker-Dealer (Consultant Relationship)

The firm accepts accounts whereby the client has directed the firm to place security transactions through a particular broker-dealer due to the broker-dealer acting as a consultant. These accounts are typically as a result of a particular broker acting as a consultant in conducting a competitive search for, and monitoring, an investment manager on behalf of a client. The client directs that the brokerage transactions go to the particular broker who conducted the search and who is providing consulting/monitoring services for the account. In these types of relationships, the commission structure is typically negotiated and agreed to by the client and the broker. Accordingly, the firm does not negotiate commissions on behalf of the client.

In these situations, the firm will advise the client (Form ADV and Investment Management Agreement) of the following: the effect of a client directing brokerage to a particular broker dealer will remove the firm's ability to negotiate brokerage commissions and its ability to obtain volume discounts or best execution for the client resulting in disparities in commission charges among clients. Also, the client is advised of the potential conflict of interest could exist from the client's interest in obtaining best execution and the firm's interest in being included in future competitive searches by the broker.

Trading Practices

MH & Associates policy is to prohibit unfair trading practices. In order to ensure that trading in clients' accounts is fair and equitable, the firm has established certain procedures relative to trading securities for the clients account and in dealing with trading errors.

Trading (Order Memoranda)

Prior to initiating trading activity for all its clients accounts an Order Memoranda or similar document is prepared showing the security to be traded. This document will also show, by client, the number of shares to be traded and at what price the execution occurred. The Order Memoranda is only prepared when the firm is trading for all/or significant number of its client accounts. Prior to initiating trading, a portfolio analyst (Daniel Meichelbock and/or Andrew Heilman) shall review the document for items such as, but not limited to: suitability, cash position, and cash flow expectations. The document will indicate who approved and executed the trade.

Trade Allocation

Allocating trades among clients shall be fair and equitable. In allocating trades, MH & Associates will not disproportionately favor certain client accounts over other client accounts. The firm will seek to allocate the full transactions equitably whenever concurrent decisions are made to purchase or sell securities of the accounts managed by the firm.

In the event the firm achieves a partial completion of its block trade the allocation shall be, in most cases, on a proportionate basis. In certain circumstances, a client might receive an allocation that is not proportionate. Factors that are considered which might lead to a disproportionate allocations are: Existing cash position and anticipated cash flow, possible excessive commission cost, investment objectives of the account, the relative size of the portfolio holdings of the same or comparable securities, and size of investment commitments generally held.

Trade Aggregation

In general, when client accounts are concentrated with one particular custodian or broker-dealer, the firm will aggregate the orders for its clients within that custodian or broker-dealer and will “block” trade to take advantage of certain administrative and cost benefits. In some cases, this procedure could have an adverse effect on the price and amounts of securities purchased or sold by clients domiciled in one particular custodian or broker-dealer over another depending upon the size and breadth of the market for each security. In order to be fair and not disfavor clients that are domiciled with a particular custodian or broker-dealer, the firm does have a policy of systematically rotating, between the various custodians and broker-dealers, the order in which block trading is initialized. Allocating cost in block trading shall be based upon average price.

Upon completion of trading, Compliance Officer will review the “Order Memoranda” to insure that the firm’s client accounts are being dealt with fairly and equitably.

Other than MH Opportunity Fund, where the firm acts as the advisor and the firm and it’s principals have an economic interest in the Fund, the firm does not aggregate orders on behalf of any other proprietary accounts of the firm, its employees and principals. Relative to MH Opportunity Fund, trades for the Fund are aggregated with the trades of the firm’s other client accounts. (It is noted that the objectives and risk aspects of the Fund versus the firm’s other accounts are totally different thus the majority of the trades for the Fund differ from that of the firm’s other accounts).

Trading (Daily Transaction Sheet)

For a variety of reasons, situations arise where the firm is only trading for selected accounts. In those circumstances a Daily Transaction Sheet document is prepared. This document will show all relevant information, including account, action taken, quantity, security traded, limit price, execution price and time of trade.

Upon completion of trading, Compliance Officer will review the “Daily Transaction Sheet” to insure that the firm’s client accounts are being dealt with fairly and equitably.

Trade Errors

The client shall not be disadvantaged due to any trading error. The client shall be reimbursed and shall be “made whole” in the event of a trading error. Any trading errors are to be reported to the Compliance Officer by the person executing the trade. A file shall be maintained documenting the correction of trading errors.

Review of Accounts

Account Review

Accounts are reviewed informally on a continuous basis. A formal review is made each month. In the review process the account is assessed to insure that it is being managed in a way that is consistent with the current strategy as well as client objectives.

The principals of the firm, J. Robert Meichelbock and John Heilman, conduct all reviews with assistance from the firms' financial analysts. The principals, who are also portfolio managers, make investment decisions jointly.

The portfolio manager and its analysts conduct informal meetings to exchange views, to analyze one another's investment ideas, and agree upon transactions. The principals are aware at all times of the timing of client transactions

Periodic Client Reviews

The firm will obtain and maintain supporting client documentation in regard to the current financial status of the client. The firm's portfolio managers, or financial analysts, will be responsible for initiating a discussion in this regard at least once during the calendar year, either in person, telephonically, or electronically. The outcome of these discussions shall be recorded on a memorandum to be stored in the correspondence file of each client. The goal of this policy is to ascertain whether the clients' financial status or investment objectives have materially changed.

Regular Reports

Clients are provided with quarterly reports showing the holdings in their accounts, their performance for various periods (quarter, year-to-date, and since inception) and their quarterly management fee invoice. Also included in these reports is a newsletter discussing the firms economic and investment and outlook. The custodian provides monthly holdings and transaction statements to the client. The firm confirms, no less than annually, that the client is receiving these statements from the custodian.

Client Referrals and Other Compensation

MH & Associates does not currently have any agreements in place where it is paid cash or receives economic benefit from a non-client in connection with giving advice to clients. Nor does the firm compensate any person or entity for client referrals.

Custody

The firm requires that all clients have a third party custodial relationship (i.e. bank or broker-dealer) to domicile the assets the firm manages. The firm has the authority as to the selection of a broker-dealer however, as a policy the firm will let the client decide which broker-dealer or entity to utilize as a custodian. The firm is willing and prepared to deal with any type of custodial relationship.

Safeguarding of Client Assets

In order to ensure the safeguarding of client assets the firm has the following policies and procedures:

- 1) The firm will not take physical possession of clients' cash or securities and will disclose as such in the firms Investment Management Agreement.
- 2) The firm requires the client domicile the assets in a "qualified" custodian to handle client funds and securities.
- 3) It is further noted that, in most "qualified" custodial relationships a limited power of attorney (LPOA) is utilized. The firms powers under a typical LPOA is limited to the following:
 - a. Trading
 - b. Requesting distributions/withdrawal of funds to client.
 - c. Charging the client account for investment management fees only by client consent.
- 4) It is noted that the firm does, in many instances, have the ability to directly charge the clients account for its investment management charges. Before a fee is charged, the client will be provided with an invoice that will show the basis of the charge. The fee will be charged three (3) business days after the invoice is mailed.

MH Opportunity Fund, L.P.

MH & Associates serves as the general partner of MH Opportunity Fund, L.P. Under the broad power pursuant to the Partnership Agreement the firm is deemed to have custody of the funds' assets. The firm has put in place the following safeguards:

- 1) Funds are held under with the "qualified" custodian Charles Schwab and Company (100 Montgomery Street, San Francisco CA 94101).
- 2) Reports pertaining to the NAV of the fund and individual partner interest in the fund shall be mailed quarterly no more than 30 days after the end of the preceding quarter.
- 3) The services of an independent representative are used. The independent representative is responsible for reviewing and approving all withdrawals and distributions from the Fund. In addition, the independent representative receives monthly statements directly from the custodian.
- 4) An outside accounting firm audits the fund annually in order to assure the valuation of the assets. The participants of the Fund are provided with a copy of the auditor's reports.

Investment Discretion

MH & Associates has discretion to determine, without client consent, the type and quantity of securities to be purchased or sold for a client's account. We assume authority over the account after the client has signed an Investment Management Agreement. Limitations, if any, are typically conveyed, orally or written, by the client in the form of investment guidelines. Examples of such limitations can include restrictions on certain securities. Also, the firm, as an internal policy, has a limitation as to the maximum commitment to any one security (other than mutual funds and U.S. Government securities) of 5%, at cost, of the account value.

Voting Client Securities

Proxy Voting

MH & Associates, as a matter of policy, disclaims proxy-voting authority with regard to client securities. That authority is to be retained by the client.

Advising Clients

In situations where no material conflict of interest exists, MH & Associates will provide, if requested by the client, advice concerning their proxy votes. MH & Associates will maintain a record of those clients that have requested assistance. The record will show the name of the client, date inquired, the nature of the question/advice sought by the client and the response/advice given the client by MH & Associates.

Disclosure

MH & Associates will disclose to all potential new clients of the firm's Proxy Voting policy by including the Policy statement in the firm's Promotional Packet. In addition, a statement relative to the firm's Proxy voting policy will be included in the Investment Management Agreement.

Financial Information

MH & Associates has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.

Privacy Notice

At MH & Associates, information about you is fundamental to our ability to provide services to you, but we fully recognize the importance of keeping personal and account information secure. This document describes the privacy practices of MH & Associates and are required by law to deliver a Privacy Statement to our clients annually, in writing. We will also notify our clients of any material changes in our Privacy Policy.

How We Obtain Information

- From your applications or forms (examples include name, address, Social Security number, birth date, assets and income)
- From transactional activity in your account (examples include trading history and balances)
- Information we obtain from others at your request (such as information about assets held at another institution)
- Information obtained when you contact us (via telephone, e-mail, etc...)

How We Protect Your Information

MH & Associates has always considered the protection of sensitive information to be a sound business practice and a foundation of client trust. Within MH & Associates, we restrict access to your information to those who require that access in order to provide services to you. These individuals are trained in the proper handling of client information. **We do not disclose any nonpublic information about our clients or former clients to anyone, except as required by law or during the maintenance of your account** (examples include disclosing information when opening brokerage accounts or transferring assets between accounts). We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information. We continually seek to enhance our security tools and processes. Such processes include, but are not limited to:

- Using up to date anti-Virus, anti-Spyware, and anti-spam software on all computers used to access client data.
- Using only trusted and secure computers to log into secure websites containing client data.