

Ramirez Asset Management, Inc.

November 30, 2012

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Ramirez Asset Management, Inc., an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 212.378.7132 or amgroup@ramirezam.com. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about Ramirez Asset Management, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

The firm does not have any material changes to report since our last annual update of our brochure on November 2, 2011.

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ITEM 4 – ADVISORY BUSINESS

Ramirez Asset Management, Inc. (“RAM”) was founded in 2002 and is a wholly-owned subsidiary of SAR Holdings, Inc. RAM provides asset management and investment advisory services for institutional investors. RAM specializes in fixed income and offers customized investment programs for each of our clients. Our investment strategies range from Cash Management, Short Duration, Intermediate, and Core.

RAM employs a consistent portfolio construction and decision-making process across our investment strategies. RAM’s investment philosophy centers upon a consistent investment approach that seeks to provide our clients with consistent returns. To that end, our investment process focuses on:

- Optimizing strategies with a long-term outlook
- Minimizing volatility, avoiding extreme fluctuations in maturity and duration
- Adding value through rigorous quantitative and qualitative analysis
- Imbedding risk controls throughout the investment process with support from best-in-class analytical systems

RAM’s mission is to obtain consistent alpha relative to industry benchmarks over a market cycle using a disciplined, risk-controlled, team-oriented approach. RAM seeks to generate excess returns through term-structure positioning, sector allocation and security selection. Investment classes include:

- U.S. Treasury Securities
- Treasury Inflation-Protected Securities (TIPS)
- GSE Debt
- Agency Mortgage Pass-throughs
- “AAA” Structured Securities
- Corporate Bonds
- Taxable Municipal Bonds
- Tax-exempt Municipal Bonds
- Equities – Stocks, ETFs, and Mutual Funds

RAM also has the ability to apply client-initiated investment restrictions and parameters in tailoring portfolios to meet their specific needs. As-of September 30, 2012, RAM has a total of \$659,800,000 assets under management. At present, all client assets are managed on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Ramirez Asset Management, Inc. is compensated for advisory services based on client assets and the type of investment management strategy that is employed. The fees described below represent the standard fee schedule for each implemented strategy. Under certain circumstances, both the standard schedule and the minimum fee can be negotiated. Clients are invoiced quarterly in arrears based on the average market value of the assets under management for the period, utilizing the beginning and ending values for the billing period.

Core Fixed Income:

25 basis points on the first \$50 million
20 basis points on the next \$50 million
15 basis points on the balance
Minimum annual fee \$10,000

Strategic Core

30 basis points on the first \$50 million
25 basis points on the next \$50 million
20 basis points on the balance
Minimum annual fee \$10,000

Intermediate Fixed Income

25 basis points on the first \$50 million
20 basis points on the next \$50 million
15 basis points on the balance
Minimum annual fee \$10,000

Strategic Intermediate

30 basis points on the first \$50 million
25 basis points on the next \$50 million
20 basis points on the balance
Minimum annual fee \$10,000

Short Duration Fixed Income

20 basis points on the first \$50 million
15 basis points on the next \$50 million
10 basis points on the balance
Minimum annual fee \$10,000

Enhanced Cash Management

15 basis points on the first \$25 million
12 basis points on the next \$25 million
8 basis point on the balance
Minimum annual fee \$10,000

Cash

15 basis points on the first \$25 million

12 basis points on the next \$25 million

8 basis points on the balance

Minimum annual fee \$10,000

Balanced Portfolio – Fixed Income/Equity

50 basis points on the balance

Minimum annual fee \$10,000

ITEM 6 – PERFORMANCE-BASED FEE AND SIDE-BY-SIDE MANAGEMENT

Ramirez Asset Management, Inc. does not have advisor representatives or supervised persons who manage accounts where performance-based fees are charged.

ITEM 7 – TYPES OF CLIENTS

Ramirez Asset Management, Inc. (“RAM”) clients consist of pension and profit sharing plans, state and municipal government entities, unions, charitable organizations, endowments, and corporations. RAM imposes a minimum of \$5,000,000 to \$10,000,000 for fixed income investment management based on client goals and objectives. This minimum investment is negotiable for certain investment objectives.

ITEM 8 – METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

RAM specializes in fixed income, with a full suite of high grade fixed income investment strategies ranging from Cash Management, Short Duration, Intermediate, Strategic Intermediate, Core and Strategic Core. RAM seeks to add value within our clients’ objectives and risk tolerances. The primary drivers of outperformance include: term-structure positioning, sector allocation & rotation, security selection, and efficient trading practices.

The RAM Fixed Income Committee meets on a monthly basis to determine policy constraints for duration, term structure positioning and sector allocation. We leverage the many years of experience of our fixed income specialists and analysts in the sub-sector and security selection process to construct client portfolios.

The Committee formulates the firm’s macro investment direction through rigorous analysis of the following factors:

Current vs. Future Economic Growth	Productivity
Fiscal and Monetary Policy	Unemployment trends
Inflationary Expectations	Foreign Currency
Monetary Conditions	Yield Curve Analysis

Upon review of domestic market conditions, the RAM investment committee creates a unified view of the current U.S. economic cycle, as well as short and long-term investment outlook. The portfolio management team then agrees on how best to structure the fixed income portfolios to capitalize on RAM's expected near term market outlook, while advancing the long term goals of each of our clients. The portfolio management team uses the committee's suggestions to establish target optimization along the term structure and preferred sector and sub-sector allocations for all of our investment portfolios.

The following are RAM fixed income investment strategies and each strategy involves risk to clients, who must be prepared to bear the loss of their principal investment. Investment in fixed-income and debt securities such as bonds and notes of the U.S. Government, U.S. Agencies, Corporates, Taxable and Tax-Free Municipals, Mortgage-Backed, Asset-Backed and Commercial Mortgage-Backed securities, subject client portfolios to the risk that the value of these securities will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to default risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject investments to the risk that less liquid and lower rated securities may fluctuate more in price than higher-rated securities because issuers of lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

The Ramirez Core Strategy ("Core") is a total rate of return strategy with a maximum maturity of thirty years. The Core Strategy is designed to provide our clients with broad exposure to the fixed income markets. It is benchmarked to the Barclays Capital U.S. Aggregate Index with strategic allocations to the following benchmark sectors: U.S. Treasuries, U.S. Agencies, U.S. Corporate Bonds, Mortgage Backed Securities and Structured Securities. Additional alpha is generated through opportunistic non-benchmark investments which may include U.S. Treasury Inflation Protected Securities (TIPS) and Municipal Securities. The Core Strategy is typically managed within a duration band of +/- 10% of the benchmark index. Individual Key Rate Durations are typically managed within a band of +/- 25% of the benchmark index.

The Ramirez Strategic Core Strategy ("Strategic Core") is a total rate of return strategy with a maximum maturity of thirty years. The Strategic Core Strategy is designed to provide our clients with broad exposure to the fixed income markets. It is benchmarked to the Barclays Capital U.S. Aggregate Index with strategic allocations to the following benchmark sectors: U.S. Treasuries, U.S. Agencies, Mortgage Backed Securities and Structured

Securities. Additional alpha is generated through an emphasis on the Municipal and Credit sectors. The Strategic Core Strategy is typically managed within a duration band of +/- 25% of the benchmark index. Individual Key Rate Durations are typically managed within a band of +/- 50% of the benchmark index.

The Ramirez Intermediate Strategy ("Intermediate") is a total rate of return strategy with a maximum maturity range of ten years. The Intermediate Strategy is designed to provide our clients with broad exposure to the fixed income markets. It is benchmarked to the Barclays Capital U.S. Intermediate Government/Credit with strategic allocations to the following benchmark sectors: U.S. Treasuries, U.S. Agencies and U.S. Corporate Bonds. Additional alpha is generated through opportunistic non-benchmark investments which may include U.S. Treasury Inflation Protected Securities (TIPS), Structured Securities and Taxable Municipal Securities. The Intermediate Strategy is typically managed within a duration band of +/- 5% of the benchmark index. Individual Key Rate Durations are typically managed within a band of +/- 15% of the benchmark index.

The Ramirez Strategic Intermediate Strategy ("Strategic Intermediate") is a total rate of return strategy with a maximum maturity range of ten years. The Intermediate Strategy is designed to provide our clients with broad exposure to the fixed income markets. It is benchmarked to the Barclays Capital U.S. Intermediate Government/Credit with strategic allocations to the following benchmark sectors: U.S. Treasuries, U.S. Agencies and U.S. Corporate Bonds. Additional alpha is generated through an emphasis on the Municipal and Credit sectors. The Intermediate Strategy is typically managed within a duration band of +/- 25% of the benchmark index. Individual Key Rate Durations are typically managed within a band of +/- 50% of the benchmark index.

The Ramirez Short Duration Strategy ("Short Duration") is a total rate of return strategy with a maximum maturity range of five years. Short Duration portfolios are fully customizable to client specifications: portfolios can include exposure to corporate and securitized products or they can be managed as 100% government-guaranteed only. The Short Duration Strategy historical benchmarks include the Bank of America/Merrill Lynch ("BofA/ML") 1-3 Year Treasuries Index, BofA/ML 1-5 Year Treasuries Index or BofA/ML 1-5 Year Government/Corporate Index. The Short Duration Strategy strategically invests in U.S. Treasuries, U.S. Agencies, Investment Grade Corporate Bonds, Municipal Bonds and AAA-rated Structured Securities. Interest rate risk is carefully managed by maintaining a total duration band of +/- 5% relative to the benchmark index. Individual Key Rate Durations are typically managed within a band of +/- 15% of the benchmark index.

The Ramirez Cash Strategy is a total rate of return strategy customized to our clients' unique liquidity profiles. The main priorities of the Cash Strategy are to maintain safety of principal, while generating interest income. The Cash Strategy proves high levels of liquidity and minimizes portfolio volatility through high quality investments. Typical investments include U.S. Treasuries, U.S. Agencies, Investment Grade Corporate Bonds, minimum A-rated Municipal Bonds and Pre-refunded Municipal Bonds, Commercial Paper (rated at minimum A1/P1) and AAA-rated Asset Backed Securities. The Cash Strategy is

typically managed within a client-defined maturity band and duration target of the benchmark index. Industry standard short duration benchmarks include the Bank of America/Merrill Lynch (“BofA/ML”) 91-Day Treasury Bill Index, BofA/ML 6-Month Treasury Bill Index, among others.

Risk management is an integral part of the RAM investment process. We group risk into two broad categories: systemic and non-systemic. We define the systemic risks of a fixed income portfolio as duration, term structure, and sector. Non-systemic risk is defined by the individual portfolio structure by sub-sector, issuer, and liquidity.

We closely monitor a portfolio’s systemic and non-systemic risks, ensuring consistent adherence with client guidelines and excess return objectives. RAM utilizes a suite of state-of-the-art analytical systems to monitor each portfolio’s relative risk. Within this risk management framework, our team uses fundamental, quantitative and qualitative analysis in determining relative value. As part of our overall risk management philosophy, we seek to mitigate non-systemic risk through a high level of diversification.

Systemic risks to a portfolio are identified through the use of BondEdge Next-Generation, our primary risk analytics system. We are able to stress test the portfolio under various user-defined parallel and non-parallel shifts in the term structure of interest rates while simultaneously defining various expansion and contraction of risk premiums in the spread sectors.

RAM will place limits around these risks based on client benchmark and expected alpha. Using the BondEdge platform, non-systemic risks are analyzed for exposures to the sub-sector level and security level. RAM’s risk management regimen together with our rigorous buy and sell discipline ensures a well-diversified portfolio.

The combination of a rigorous risk management framework, macro team approach, micro specialization, and relative value analysis all meld together to form a consistent process with a demonstrable, audited record of adding value relative to the benchmark while controlling undue risk.

ITEM 9 – DISCIPLINARY INFORMATION

This item is not applicable to Ramirez Asset Management, Inc.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATION

Ramirez Asset Management, Inc. (“RAM”) is a wholly owned subsidiary of SAR Holdings Company, Inc. In addition, parent company, SAR Holdings Company, Inc., owns San Juan Capital Partners LLC, a Puerto Rico-registered investment advisory company, and

Samuel A. Ramirez & Company, Inc. (“Ramirez & Co.”), a FINRA-registered broker-dealer. All entities maintain offices in separate physical locations, with RAM and Ramirez & Co. in New York, and SJCP in Puerto Rico. RAM does not trade with or through either affiliate. Several RAM personnel are also registered with our affiliated broker-dealer, Ramirez & Co. Information barriers have been established between all of the affiliates, with access to information for dual-purpose employees of RAM and Ramirez & Co. being provided strictly on a need to know basis and to perform their associated job functions for each entity.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Code of Ethics (the “Code”) has been adopted by RAM in compliance with SEC (“Securities and Exchange Commission”) Rule 204A-1 to set forth the standard of business conduct required of its supervised persons in maintaining the client’s best interest, avoiding conflicts of interest and deterring wrongdoing by promoting honest and ethical conduct. The Code requires employees to comply with all applicable federal securities laws. All “access persons” (defined as supervised persons who have access to nonpublic information regarding clients’ purchase or sale of securities, are involved in making securities recommendations to clients or who have access to such recommendations that are nonpublic) are required to report personal securities transactions and holdings, avoid potential conflicts of interest and prevent the misuse of material nonpublic information.

Conflicts of interest occur when an employee’s private interest interferes with the interests of or his/her positions with RAM. Employees of RAM have the duty of care, loyalty, honesty, and good faith to act in the best interests of its clients; therefore it is also their duty to avoid potential conflicts of interest and to fully disclose all material facts concerning any conflict that does arise with respect to any client.

The RAM Code of Ethics is available to any current or prospective client upon request.

ITEM 12 – BROKERAGE PRACTICES

RAM routinely aggregates the purchase or sale of securities for various client portfolios. Multiple benefits accrue to clients from this practice. By such aggregating of orders, RAM is able to potentially achieve more advantageous pricing levels from various broker-dealers offering larger transaction lots. Aggregation also allows for efficient implementation of firm wide investment themes relating to sector and sub sector allocation, as well as security selection. Finally, the aggregation of trades, when possible, eliminates client dispersion of returns by having all client portfolios with a similar investment objective perform in a similar manner by having similar characteristics at the sector, sub sector, and security level.

ITEM 13 – REVIEW OF ACCOUNTS

On a monthly basis, client activity is reviewed for consistency with client objectives, security valuations in client reports are confirmed with an independent third party service, and best execution and trade allocation reviews are conducted. On a quarterly basis, performance calculations are reviewed by external party to confirm that the firm is adhering to GIPs procedures. Ensure the accuracy of fee calculations. Finally, on a periodic basis, RAM Investment Professionals meets with Compliance and undertake a comprehensive review of client objectives and client related operations.

Clients are provided with comprehensive portfolio information through Clearwater Analytics. The Clearwater platform aggregates, independently verifies and confirms investment information daily. Our clients receive the benefit of fully transparent, reconciled portfolio data on a daily basis. Clients are provided secure access and can retrieve portfolio reports at any time, with support personnel available throughout the business day to assist in generating and interpreting portfolio data. Clearwater Analytics provides portfolio information in four integrated modules: Accounting, Compliance, Performance and Risk.

RAM provides clients with monthly and quarterly accounting statements via the Clearwater system. These statements contain transaction reports, end-of-period balances for each security on both a cash and accrual basis. Portfolio risk characteristics including duration, maturity, quality and issuer concentration is included in these reports. In addition, performance reports are available on a cost and market basis compared to industry standard benchmarks.

RAM also provides quarterly written market commentary and client-specific portfolio reviews. The market commentary provides a review of the general economic environment, fixed income sector performance on both an absolute and relative basis, as well as the RAM outlook for each of these sectors. The portfolio review contains commentary about the prior quarter's performance as well as specific current portfolio positioning and themes. Similar performance data is provided for the benchmark index. Additionally, the quarterly client report contains various portfolio level statistical data elements as of the most recent quarter end, such as sector allocation, maturity distribution, and yield.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

This section is not applicable.

ITEM 15 – CUSTODY

This section is not applicable.

ITEM 16 – INVESTMENT DISCRETION

RAM manages client assets on a discretionary basis. Per an executed investment advisory agreement, RAM is authorized to determine the securities to be bought or sold, the amount of securities to be bought or sold, and the broker or dealer to be used in each transaction. Clients may impose restrictions on this authority in the written agreement by inclusion of their specified investment guidelines. For fixed income portfolios, such guidelines generally include bond credit rating and maturity parameters; however, other instructions may also be provided depending on client investment needs. In making determination of where to execute each client transaction, RAM always seeks best execution and to meet this obligation, RAM has established relationships with a wide array of brokers, which includes both primary and secondary market dealers.

ITEM 17 – VOTING CLIENT SECURITIES

Ramirez Asset Management, Inc. does not exercise proxy voting authority for any clients unless such authorization is expressly stated in the client agreement. If authorization is provided, clients may request a statement as to how we voted proxies for securities in their account and our policies for doing so.

ITEM 18 – FINANCIAL INFORMATION

Ramirez Asset Management, Inc. maintains its contractual commitments to its clients and has no current financial condition that will impair our ability to do so.