



## **ADV Part 2A – Firm Brochure**

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This brochure provides information about the qualifications and business practices of Trapeze Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (416) 861-0774 or (866) 557-0774. 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 Trapeze Asset Management Inc. is also available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Trapeze Asset Management is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

## **ITEM 2 – MATERIAL CHANGES**

In accordance with recently adopted amendments to the SEC rule in respect of Form ADV, this is a new document that is substantially different in form and content to our previous brochure and includes some new information that we were not previously required to disclose in our previous brochure, which was last updated in October 2011.

After our initial filing of this brochure, this Item will be used to provide a summary of new and/or updated information.

### ITEM 3 – TABLE OF CONTENTS

Item 1 – Cover Page	
Item 2 – Material Changes .....	i
Item 3 - Table of Contents.....	ii
Item 4 - Advisory Business .....	1
Item 5 – Fees and Compensation.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	2
Item 7 – Types of Clients .....	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	2
Item 9 – Disciplinary Information.....	4
Item 10 – Other Financial Industry Activities and Affiliations.....	4
Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	5
Item 12 – Brokerage Practices .....	6
Item 13 – Review of Accounts.....	7
Item 14 – Client Referrals and Other Compensation .....	8
Item 15 – Custody .....	8
Item 16 – Investment Discretion.....	8
Item 17 – Voting Client Securities .....	8
Item 18 – Financial Information .....	9
Item 19 – Requirements for State Registered Advisers .....	9

#### **ITEM 4 – ADVISORY BUSINESS**

Trapeze Asset Management Inc. (“TAMI”) is an independently owned SEC-registered investment adviser with our head office located in Toronto, Canada. The firm was founded in 1999 and is 100% owned by 1346049 Ontario Limited, a company controlled by Randall Abramson, TAMI’s President and Chief Executive Officer.

TAMI provides discretionary portfolio management for institutions and high net worth individuals, primarily through separately managed accounts. We are value investors seeking long-term capital growth by investing in securities with potential for above-average appreciation, while striving to avoid permanent loss of capital.

We manage each client account based on corresponding model portfolios, which are notional allocations of securities. TAMI manages growth (focused on equities), income and balanced accounts. We tailor our advisory services to the individual needs of clients, as follows. Through discussions with a client, TAMI evaluates the client’s investment objectives, financial circumstances, time horizon and risk tolerance, and establishes whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded. The client’s investment mandate will determine the particular model or models selected to guide investment of the client’s portfolio. Each client’s investment mandate is determined in consultation with the client, in order to select a suitable type of account for the client’s specific objectives and circumstances. We then construct a portfolio of securities based on the applicable model(s). Generally, client portfolios will effectively mirror the holdings of the applicable model but may account for client-specific factors such as income requirements, tax-related considerations and investment requests or restrictions specified by the client. A particular client account’s holdings and weightings may also deviate from the model as a result of the composition of the client account and cash available to purchase new positions and/or market forces which impact whether specific securities will be purchased, sold, or held for a client account from time to time.

As of December 31, 2011, TAMI had \$175.1 million of discretionary client assets under management, and \$18.8 million of non-discretionary client assets under management.

#### **ITEM 5 – FEES AND COMPENSATION**

For portfolio management services, TAMI charges a base management fee and performance-based fees, all as stipulated in our investment counsel agreement.

Our standard base management fee is 1.5% annually for growth accounts and 1.0% for income accounts. Both are based on the net asset value of the account and are deducted from client accounts quarterly in arrears.

Performance fees are applicable only to “qualified clients” as defined under the Investment Advisers Act of 1940, as amended, and are only charged on accounts with growth objectives. The performance fee is equal to 20% of any appreciation in the net asset value of a client account that exceeds a hurdle rate of 8% per year. The performance fee is calculated after deducting the base management fee and other expenses, including commissions, from the net asset value and adjusting for contributions and withdrawals from the account. Any amount of performance less than 8% is carried forward to the next year, but not to any subsequent year. Performance fees are payable annually at the end of each calendar year, but are accrued for interim reporting purposes. Performance-based fee clients should understand that TAMI will receive performance fee compensation with regard to unrealized appreciation as well as realized gains in the client’s account. Further, unrealized gains and losses are determined based on TAMI’s valuation policies, including: (i) Securities listed on a recognized public securities exchange are valued for reporting purposes based on available public market quotations. (ii) Securities for which market quotations are not readily available, including those not listed on any recognized public securities exchange are initially recorded at cost, being the fair value at the time of acquisition. Thereafter, where there are material changes or events that impact an issuer, securities may be valued at their fair value, as determined by Trapeze management. In the case of unlisted securities (e.g., warrants, convertible bonds and debentures) which are exchangeable into common shares listed on a

recognized public securities exchange, such securities may be valued at their fair value based on changes in the underlying common share price. Fair value will be based on management's good faith judgment and any value estimated may not be realized or realizable. In these instances, all pricing must be approved by TAMI's senior management.

Client fees may be negotiable at our discretion, depending on a number of factors, such as breadth of advisory services offered, amount of assets managed and overall relationship between TAMI and the client involved.

TAMI's fees do not include other costs and expenses incurred in connection with the operation of managed accounts. These may include: safekeeping, service or custodial charges that may be charged by brokers, custodians, banks or trust companies; interest charges on funds borrowed, if any, on behalf of a client; and commissions or other charges for brokerage and banking services. Clients invested in pooled or mutual funds may pay the applicable fees and expenses charged by such funds. Additional information can be found in "*Item 12: Brokerage Practices*" further in this document.

## **ITEM 6 – PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

As stated in *Item 5: Fees and Compensation*, TAMI may earn different fees from clients, including accounts that are charged both a base management fee and performance-based fees and accounts that are only charged a base management fee. This may create an incentive to favor performance-based fee paying accounts when allocating investment opportunities. We manage this conflict through our policy for *Fairness in Allocation of Investment Opportunities*, which outlines the procedures we have in place to allocate investment opportunities among clients. A copy of this policy is available to any client or prospective client upon request.

## **ITEM 7 – TYPES OF CLIENTS**

We provide discretionary management services to institutions, individuals, trusts, estates, charitable organizations, corporations and pooled investment vehicles (e.g., hedge funds).

The minimum assets required to open a managed account with us is \$500,000. The assets of related household, family and business accounts may be combined to meet the minimum. Occasionally, the minimum amount may be waived at our discretion.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Philosophy and Process**

TAMI follows a value investment approach, emphasizing issuers whose securities are undervalued based on TAMI's views of markets and the economy and our analysis of each potential investment on a risk and return basis. As a value investor, TAMI seeks out undervalued companies that may be temporarily underestimated, misunderstood, under-followed or lesser known by the market. In doing so, TAMI follows an all-capitalization strategy, that is, we seek value opportunities in large, medium or small capitalization ("cap") companies.

TAMI has a bottom-up investment approach which emphasizes security selection based on our fundamental research. We construct our portfolios through the selection of individual securities which meet our value criteria. We then patiently wait until the market realizes their true values.

Our investment process includes consideration of the economy as a whole and the overall market. These macro views influence our asset and sector allocations. We have also developed proprietary methodologies to aid and complement our analysis, selection and trading of our investments.

**Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Past performance is in no way indicative of future performance.

In addition to the general risks of investing in securities, there may be particular risks associated with the investment style and strategy of TAMI, which may include the following, depending on the nature of the client's investment mandate and portfolio,

**Investments in small cap companies:** As small cap companies are often not well-known by investors or followed by analysts, they may trade at prices less than the fair market value attributed to them by TAMI through our analysis. As a result, these companies may offer better risk-reward potential over the medium to long term with less long-term risk of permanent impairment of an investment than larger cap companies. Nevertheless, small cap companies may have limited resources and limited access to funds and their shares may trade less frequently than shares of larger companies. As a result, the market prices of small cap companies are likelier than larger cap companies to display substantial price volatility, which is usually reflective of greater risk. Because the shares of such companies may trade less frequently, they may lack liquidity, which may affect a holder's ability to dispose of them quickly. This lack of liquidity may also contribute to price volatility, especially in the event of a severe market decline like the one in 2008. In such circumstances, TAMI may have difficulty in selling the securities, if that becomes necessary, except at substantially adverse prices, which may result in a significant loss to its managed portfolios to the extent they hold small cap companies.

Securities of small cap companies, even those with good asset coverage, may be adversely affected by a major market movement, such as the severe decline that occurred in 2008, when credit for companies generally became unavailable. The impact of such a credit crisis may be greater on small cap companies that require funds from lenders or investors than on larger cap companies. In some cases, the lack of availability of funds may cause a small company to become insolvent and may result in the total loss of an investment in its securities. In addition, business changes or events can have a disproportionate impact on the value of small companies relative to large companies.

**Concentration:** TAMI may, from time to time, concentrate our portfolios in small cap companies and in a relatively limited number of market sectors, asset classes or investments. For example, although TAMI generally diversifies the holdings within a particular market sector (for example, by issuer, type and geography), TAMI's portfolios over the past several years have emphasized resource stocks, holding at times more than 50 per cent in oil and gas stocks and 15 to 20 per cent in gold stocks. Concentration in a particular market sector or asset class may subject a portfolio to pronounced cycles and widely varying conditions in the market, depending on the market sector and asset class; for example, resource and other commodity prices can change significantly as a result of supply and demand speculation, government and regulatory activities and international monetary and political factors. Portfolios with concentrated investments may involve greater risk and price volatility than more broadly based investment portfolios because the performance of a particular market sector, asset class or issuer may have a significant, adverse effect on the entire portfolio.

**Margin:** The use of margin in a managed account may also affect the risk incurred. Margin involves the borrowing of funds against the assets of your account to enable you to make additional investments. This may increase your ability to earn a profit, but will also increase the risk of loss for the portfolio if the market value of the securities in your account falls.

**Short Selling Risk:** TAMI's growth or balanced accounts may authorize the use of short selling from time to time, which subjects the accounts to additional risk. Short selling involves selling a security that has been borrowed from an existing holder, with an obligation to return it, typically by repurchasing the security in the

market. Short selling is commonly associated with having a negative view of a particular security since the short seller profits if the price of the security falls and the short seller then repurchases it at a price below the selling price. This strategy may also be used as a general market hedge to provide downside protection for a diversified portfolio, by short selling select securities that TAMI believes are vulnerable to a price decline.

If the security sold short increases in value before it has to be purchased for return to the lender, a client will incur a loss based on the price paid to purchase the security. Unlike a share purchased in which a holder can only lose the total amount of the investment, in respect of a share sold short, theoretically, there is no upper limit to the amount of loss since there is no limit on how high it could go before it is repurchased. Short sellers are responsible to pay any dividends on shares sold short to the lender of the shares. A short seller could “lose the borrow”, a situation where the lender of the security requests its return. The short seller must then either find securities to replace those returned or repurchase the securities in the market. If there are insufficient securities available at current market prices, the short seller may have to bid up the price of the security in order to cover the short, potentially resulting in losses.

**Options Risk:** Accounts which trade in options are subject to additional risk. Option strategies can be used for hedging purposes or investment purposes. TAMI may engage in options trading for accounts that permit such trading. Before permitting options to be traded for an account, a client must sign an Options Trading Agreement which includes a separate risk disclosure statement for options, which clients are urged to read carefully.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

TAMI does not have any legal or disciplinary events to report.

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

TAMI has a business relationship with its affiliated Canadian investment dealer, Trapeze Capital Corp. (“TCC”). TCC is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. TAMI and TCC are controlled by the same entity, 1346049 Ontario Limited (“1346049 Ontario”). Randall Abramson is President, Chief Executive Officer, Director and a portfolio manager at both TAMI and TCC and is the controlling shareholder of 1346049 Ontario. Herbert Abramson is Chairman, a Director and a portfolio manager at both TAMI and TCC. Adam Abramson is Vice President, Chief Compliance Officer, a Director and a portfolio manager at both TAMI and TCC. Mohammad Salam is Chief Financial Officer at both TAMI and TCC. Each of Randall Abramson, Herbert Abramson, Adam Abramson and Mohammad Salam are Registered Representatives of TCC.

Pursuant to the investment counsel agreement, in respect of each managed account, TAMI is authorized to open an account in the client’s name with an investment dealer, which may be TCC. By this authority, TAMI will open an account in the client’s name with TCC. Unless otherwise directed by a client, TAMI generally considers it appropriate to use its affiliate TCC as broker to effect securities transactions for compensation on behalf of our clients. TAMI may use TCC exclusively for brokerage services, whether TCC executes securities trades directly or through other broker-dealers, at its discretion. TCC charges competitive rates for trades, on the whole, taking into account the relevant factors normally affecting the amounts charged by dealers generally. From time to time, we obtain competitive quotes to assure ourselves that such charges are competitive.

Where TCC is part of an underwriting or selling group for a new issuance of shares, TAMI will be entitled to acquire such securities on behalf of clients from TCC if it deems it in the best interest of the client to do so and TCC will be entitled to earn all fees, broker warrants and other usual compensation relative to such transactions.

If a client (or TAMI, on behalf of a client) opens a margin account with TCC, the client (or TAMI, on behalf of such client) will enter into a margin agreement with TCC which provides as follows. Where TAMI trades on a margin basis with TCC, TCC will be entitled to charge competitive interest charges normally paid to brokers on any debit balances from time to time. TCC will also be entitled to pay competitive interest normally paid by brokers on credit balances from time to time, to enjoy lending rebates on shares lent and to enjoy the rights and benefits brokers normally do in providing margin to a client.

If a managed account makes a trade involving a security which is denominated in a currency other than the currency of the account, or receives a payment in a currency other than the currency of the account, a conversion of currency may be required. The conversion may take place on the trade date or such other date as TAMI in its discretion deems advisable. Based on instructions from TAMI, currency conversion transactions may be executed by TCC and/or its carrying broker (together the "Broker") at conversion rates established by them, and the Broker may earn revenue, in addition to the commission applicable to such a trade, based on the spread between the conversion rate and the rate at which the rate is offset by the Broker either internally, with related parties or in the market.

The commissions (and other fees) payable to TCC in connection with brokerage transactions may present a conflict of interest to TAMI, to the extent that there is a financial incentive for the principals and certain employees of TAMI to cause client accounts to trade more frequently through TCC. We manage this potential conflict of interest through policies and procedures designed to ensure that TAMI's compensation, including compensation paid to employees responsible for portfolio management, is independent of any activities carried on by TCC. However, because TAMI's principals and certain employees (including portfolio managers) are expected to have significant direct or indirect ownership interests in TCC, TAMI's affiliation with TCC presents a potential conflict of interest.

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

### **Code of Ethics**

We have adopted a Code of Ethics for the purpose of instructing our personnel in their ethical obligations and to provide rules for their personal securities transactions. TAMI and our employees take great care to operate ethically and comply with applicable Federal securities laws, keeping in mind at all times our fiduciary duty to our clients. The Code of Ethics covers a range of topics that may include: standard of conduct, investment process and actions, client priority, conflicts of interest, personal securities trading and reporting (including public offerings and private placements), confidentiality of client information, insider trading, gifts, reporting of violations, and acknowledgment of the Code of Ethics by employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions and Personal Trading**

A "Responsible Person" is (a) TAMI, (b) every individual who is a partner, director, or officer of TAMI, and (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of TAMI or advice to be given to a client of TAMI: (i) an employee or agent of TAMI; (ii) an affiliate of TAMI, including TCC; (iii) a partner, director, officer, employee or agent of an affiliate of TAMI, including TCC.

TAMI may trade in any securities of any issuer in which a Responsible Person or an associate of a Responsible Person is an officer or director provided that such office or directorship is disclosed to clients. In addition, TAMI may trade in any securities of an issuer in which a Responsible Person or an associate of a Responsible Person has a material direct or indirect interest. For example, from time to time, TAMI may recommend a security in which TAMI, TCC or employees of either TAMI or TCC, have a financial interest, or that they may buy and sell for themselves.



Since these transactions may create a conflict between TAMI's interests and the client's interest, we have adopted written policies and procedures which are communicated to all employees concerning the acquisition and disposition by TAMI of securities in which employees may also have a financial interest. These policies and procedures are designed to ensure that clients are dealt with honestly and in good faith.

TAMI or its employees may buy or sell the same securities that TAMI recommends to clients or securities in which clients are already invested. A conflict of interest exists in such cases because TAMI or its employees have the ability to trade ahead of clients and potentially receive more favorable prices than clients will receive. To eliminate this conflict of interest, it is TAMI's policy that neither TAMI nor our employees will have priority over client accounts in the purchase or sale of securities. Our written trade allocation policies state that client orders must be filled before an employee can transact on their own behalf or on behalf of TAMI. When client and employee orders are entered simultaneously, we ensure that all client trades are executed first (with the exception of trades for discretionary employee accounts which are managed centrally and for which trades are bunched with those of clients).

A potential conflict of interest may arise because an employee of TAMI has a significant interest in an issuer or a personal interest in a transaction. In certain circumstances specified in TAMI's Code of Ethics, TAMI will not purchase securities of such an issuer for a client's account without obtaining the client's prior consent to the purchase transaction, after disclosing the employee's personal interest with respect to such issuer. Furthermore, an employee with a significant interest in an issuer will not sell securities of such issuer without prior written approval of a senior officer of TAMI, who must conclude with documented reasons that such sale is not depriving client accounts of an opportunity to sell (e.g., it is not in clients' interest to sell securities in their accounts at that time).

#### **Cross Trades**

TCC, as broker, may effect transactions for a TAMI client in which TCC may be the vendor or purchaser for any other customer or client of TCC. To the extent permitted by law and the policies of TCC and TAMI, TCC and/or TAMI may cause a client's managed account to buy or sell securities directly from or to another client of TAMI, or from or to a client or customer of an affiliate of TAMI, including TCC, if such transaction is in the best interest of both such clients.

To the extent permitted by applicable law and regulations and consistent with TAMI's internal policies and procedures, TCC's practice is generally to engage in a "cross trade" where the purchase and sale of the same security at the same time by different clients can be completed on equal or more favorable terms to each client than through separate transactions not involving a cross trade. Effecting cross trades may reduce market impact costs, which can be detrimental to our clients. Cross trading also allows a portfolio manager to efficiently retain within its control institutional-size blocks of securities that otherwise would need to be sold in smaller amounts and reacquired in the market, which may be difficult to do. Such securities often are those that trade in lower volumes, with less frequency, and have larger bid-ask spreads.

TCC may receive commissions or commission equivalents from, and may have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such cross transactions. In such cases, TAMI will obtain the written informed consent of the participating client(s) to the trade and TCC will charge a minimum ticket charge rather than its usual brokerage commissions.

#### **ITEM 12 – BROKERAGE PRACTICES**

In accordance with applicable laws and regulations with respect to our duty to seek "best execution", the commissions charged by TCC and other brokers or dealers may be one of many factors taken into account when we consider their execution capabilities. In certain circumstances, commissions may exceed those that other broker-dealers would charge. TCC also has policies and procedures in place that are designed to ensure that it is seeking best execution on behalf of TAMI's client orders.

TAMI currently does not enter into traditional soft dollar arrangements in which client brokerage is used to obtain investment research or other services from third parties (such as portfolio management systems, trading systems or databases). We believe that by not participating in traditional soft dollar arrangements, we may ultimately achieve lower commission costs for our clients, consistent with our duty to seek “best execution”.

Although we have implemented the soft dollar policy as stated above, many brokerage firms provide “bundled” services that cannot be unbundled. For example, we may, either directly or indirectly through TCC, receive a brokerage firm’s internal research materials in addition to trade execution, but will not be able to separate the cost of this research from the cost of trade execution. We will typically review this internal research in combination with our own research results and/or research products purchased from third parties.

The firm does not permit directed brokerage for client referrals.

TAMI may, but is not required to, aggregate orders for the purchase and sale of securities on behalf of managed accounts when we determine that such aggregation is in keeping with our obligation to seek best execution of purchase and sale orders for our clients. When we aggregate orders, the average price of all securities purchased or sold in such transactions may be determined and a client may be charged or credited, as the case may be, the average transaction price.

TAMI seeks to minimize the risk that any managed account could be advantaged or disadvantaged in connection with such aggregation and to ensure that all clients are treated fairly in the aggregation and allocation of portfolio transactions. TAMI has adopted policies dealing with the allocation of trade opportunities among its clients.

Clients don’t generally receive commission benefits from trade aggregation because clients pay commissions to TCC based on standard commission rates applied to the value of each individual client account allocation, subject to minimum transaction charges.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Typically, the previous day’s trading will be reviewed for unusual trading activity. These reviews are undertaken by persons designated by the Chief Compliance Officer (“CCO”).

Managed accounts are reviewed quarterly by the applicable portfolio manager and the CCO to ensure that accounts are being managed under the guidelines specified as objectives of the managed account. Since TAMI manages accounts based on model portfolio accounts, i.e., key investment decisions are made centrally and applied across a number of managed accounts (subject to variations to allow for client-directed constraints and timing of cash flows into the managed accounts), the review will be conducted at an aggregate level. The review will ensure that any investments and changes to the model do not take it outside of the parameters which would have led the participating accounts to select it.

A quarterly review will also be completed by persons designated by the CCO to ensure consistency between account holdings and client account mandates.

Clients receive a quarterly portfolio statement from TAMI as of the last business day of the reporting period indicating the status of their portfolio, the realized and unrealized gains and losses in an account, a summary of the transaction activity in the account for the period, and the performance of the account since inception. In addition, we also send to each client a quarterly investment letter indicating our view of broad market trends as well as the rationale for investment strategies and individual holdings.

All clients holding taxable accounts receive from TAMI an annual tax report for each taxable account, following the end of each calendar year. Although these reports may be used to assist in the preparation of tax returns, they do not represent the advice or approval of tax professionals. We strongly recommend that clients consult with a tax professional before using this information on official tax returns. Further, clients should rely on the account statements and tax reporting forms provided by the account custodian.

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

TAMI may from time to time compensate broker-dealers, investment advisory firms or other qualified solicitors not affiliated with TAMI for introducing clients to us. The agreement with any such persons requires that clients receive disclosure of such client referral activities. In particular, the client receives disclosure of this brochure, and a separate solicitor's written disclosure document which discloses to the client the nature of the relationship between TAMI and the solicitor and the referral fees to be paid. In these instances, TAMI pays to the solicitor a portion of the management fees earned by TAMI from such referred clients. No additional amount is added to TAMI's investment advisory fee as a result of the referring party's services or compensation.

#### **ITEM 15 – CUSTODY**

All client cash and securities are held in an investment account established in the client's name at a third party institution (each a "Custodian"). TAMI is authorized under the investment counsel agreement with clients to instruct the Custodian to deduct our fees from client assets held by the Custodian of the account. As a result, the Custodian is responsible for sending an account statement directly to each client, at least quarterly.

As previously stated under Item 13 above, clients also receive a quarterly portfolio statement from TAMI. Clients should carefully review the statements received from the Custodian and compare those statements against the portfolio statements received from TAMI.

#### **ITEM 16 – INVESTMENT DISCRETION**

In accordance with the investment counsel agreement, for our discretionary clients we retain authority to determine, without obtaining specific client consent, the securities to be bought or sold within the account. The management of each client account is guided by the information TAMI collects from the client prior to account opening, through a New Account Application Form. This information will include such things as the client's investment objectives, financial circumstances, time horizon and risk tolerance. TAMI also provides the client the ability to place reasonable restrictions on the account, for instance, restricting us from buying securities of specific issuers or industries. Clients may also limit the amount of short selling (if it has been authorized by the client) or leverage (if authorized) to be used in the account.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

We exercise voting authority on behalf of substantially all of our discretionary account clients according to the terms of the investment counsel agreement with us, which delegates discretionary voting rights to us.

We have developed a Proxy Voting Policy to ensure that, where we exercise voting authority over clients' proxies, we monitor corporate events and vote proxies in clients' best interests.

Our Proxy Voting Policy includes the general considerations and guidelines we may follow when voting proxies. Proxy voting will be managed by a Proxy Director designated by us, who will vote proxies based on the guidelines and other policies we have adopted. For some matters, the Proxy Director may obtain voting instructions from other persons.

We retain copies of (i) our proxy voting policies and procedures; (ii) all proxy statements received regarding client securities; (iii) records of votes we cast on behalf of clients; (iv) any documents prepared by us that were material to a voting decision; and (v) records of written client requests for proxy voting information and our written responses to any client request (written or oral).

We recognize that under certain circumstances we may have a material conflict of interest in voting proxies on behalf of our clients. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Where a conflict exists, we vote proxies in our clients' best interest. Our Proxy Director will assess whether a conflict is material in consultation with senior management. In cases where a conflict exists, it may be resolved by (i) voting proxies based on pre-determined voting policies which removes our discretion with respect to any particular vote; (ii) consulting with legal counsel on how to vote proxies; (iii) seeking recommendations of an independent proxy voting agency; or (iv) seeking clients' consent to vote proxies in a particular manner or seeking clients' direction to determine how they wish to vote their proxies. Clients may obtain a copy of our Proxy Voting Policy upon written request to the Proxy Director.

#### **ITEM 18 – FINANCIAL CONDITION**

TAMI has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

#### **ITEM 19 – REQUIREMENTS FOR STATE REGISTERED ADVISORS**

Not applicable. TAMI is SEC-registered and therefore not state-registered.