

Part 2A of Form ADV: *Firm Brochure*

**BEECHTREE CAPITAL INC.**  
SEC File Number 801-62421

175 Herrick Road  
Southampton, NY  
11968-5044

Mailing Address:  
Beechtree Capital Inc.  
P.O. Box 1248  
Southampton, NY  
11969-1248

August 2011

This brochure provides information about the qualifications and business practices of Beechtree Capital Inc. If you have any questions about the contents of this brochure, please contact Susan Burke at 631-287-3223 or [beechtree@hamptons.com](mailto:beechtree@hamptons.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.

Beechtree Capital Inc. is a Registered Investment Adviser with the Securities & Exchange Commission. This registration does not imply a certain level of skill or training.

**Item 2: Material Changes**

There are no material changes in this Part 2A of Form ADV.

Item 3: Table of Contents

<b>Table of Contents</b>		
<u>Item No.</u>	<u>Item</u>	<u>Page</u>
1.	Cover Page	1
2.	Material Changes	1
3.	Table of Contents	2
4.	Advisory Business	3
5.	Fees and Compensation	4
6.	Performance-Based Fees and Side-By-Side Management	5
7.	Types of Clients	5
8.	Methods of Analysis, Investment Strategies and Risk of Loss	5
9.	Disciplinary Information	5
10.	Other Financial Industry Activities and Affiliations	6
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
12.	Brokerage Practices	6
13.	Review of Accounts	6
14.	Client Referrals and Other Compensation	7
15.	Custody	7
16.	Investment Discretion	7
17.	Voting Client Securities	7
18.	Financial Information	7

#### **Item 4: Advisory Business**

##### **Advisory Service**

Beechtree Capital Inc. ("BCI") is a Registered Investment Adviser with the Securities & Exchange Commission. It was founded in 1994 to provide discretionary investment management services on a fee-only basis to individuals, corporations, trusts and not-for-profit institutions.

Susan K. Burke, Beechtree Capital's founder, sole owner and sole investment adviser, is a Chartered Financial Analyst. She has a law degree and an undergraduate degree in economics.

Susan Burke, President of Beechtree Capital Inc., has been a portfolio manager for over thirty-five years. She has substantial experience in actively managing money for pension funds, mutual funds and individuals. After starting her career at Merrill Lynch, Ms Burke spent ten years at the IBM Retirement Fund, where as Senior Portfolio Manager she founded and managed a \$500 million portfolio of convertible bonds, convertible preferred stocks and other equity-linked securities. Subsequently, as Vice President of Oppenheimer Management Company, she co-managed the \$1 billion Oppenheimer Equity Income Fund, a mutual fund with diversified investments in equities and fixed income securities. Before forming her own investment management company, she was Vice President of Fleet Investment Advisors where she managed investments for individuals, corporations, foundations, trusts and estates.

Susan Burke serves as a volunteer on two not-for-profit boards. She is Vice President of the Board of Trustees of the Young Women's Christian Association Retirement Fund, Inc., and a member of its finance committee. In addition, she is a member of the Advisory Board and finance committee of the Animal Rescue Fund of the Hamptons, Inc.

A Chartered Financial Analyst (CFA), she received an A.B. in economics from Vassar College, and a law degree from New York Law School. Her professional association memberships include: the CFA Institute, the New York Society of Security Analysts and the Financial Women's Association, Inc.

##### **Types of Investments**

Beechtree Capital strives to help investors meet their financial goals by hiring the most experienced and outstanding money managers worldwide through selected no-load mutual funds, exchange traded funds, closed end funds, U.S. Government Securities and other securities. Some client accounts also hold or have held common stocks, preferred stocks, municipal securities, warrants, and domestic and foreign mutual funds.

##### **Education**

It is a policy of BCI that all current and future employees will have education levels suitable for performing their tasks, including continuing education as appropriate.

##### **Client Needs**

Beechtree Capital Inc. tailors its services to the needs of its clients through initial Investment Objective discussions that are reviewed on at least an annual basis. Clients may impose restrictions on investing in certain securities or types of securities if they so desire.

##### **Client Assets**

As of August 2011, Beechtree Capital Inc. manages \$70,000,000 on a discretionary basis. BCI does not manage non-discretionary assets.

## Item 5: Fees and Compensation

### INFORMATION ON COSTS AND FEES

Beechtree Capital Inc. is paid on a *fee only* basis. It does not charge or receive commissions or transaction fees of any kind. In addition to Beechtree Capital investment management fees, there are various mutual fund costs and occasional transaction costs that should be understood. The descriptions of these other costs are based on sources believed to be accurate but their accuracy is not guaranteed.

#### 1. **Mutual Fund Costs:**

No-load (no commission), low expense mutual funds are the primary investment vehicle. All mutual funds, whether loaded (commissioned) or no-load, have various fees and expenses embedded in their structure: specifically, management fees, administration fees, trading costs and sometimes *12b-1* marketing fees. These mutual fund charges are collectively known as the *expense ratio*. Mutual fund returns are always reported after expenses are taken out, so the expense ratio is not apparent to the investor. The smaller or more exotic the fund, the higher the expense ratio can be expected to be. Fixed income funds should have the lowest expense ratios. Funds with no or low *12b-1* fees are sought. All things being equal, funds with the lowest expense ratios are preferred.

#### 2. **Schwab Transaction Costs:**

Charles Schwab, Inc. has been selected as the clearing and custodial broker because of the excellence of its computer systems and service teams. Many no-load mutual fund companies have Schwab One Source arrangements so that their funds can be purchased and sold at Schwab with no Schwab transaction fee. Where all other things are equal, funds of this type are favored.

On no-load funds that have not made the One Source no-transaction-fee arrangement with Schwab, there is a Schwab transaction fee on purchases and sales made electronically by the investment adviser; the fee is generally between \$31 and \$50 per transaction. If a sale and purchase are made simultaneously, the fee on the smaller transaction is a flat \$25.00. Beechtree Capital does not receive these transaction fees.

Schwab charges a commission to buy and sell common stocks and other individual securities. Beechtree Capital does not receive any commission on any transaction. Charles Schwab & Co., Inc. is a top tier discount broker; as such its commission rates on trading individual securities can be expected in general to be somewhat lower than those of full service brokers, but higher than those of some deep discount brokers. No representation is made that Schwab will provide the lowest commission rate levels. The overall package of features and customer services provided by Schwab to Beechtree and its clients makes it advantageous to custody assets and perform trade executions at Schwab.

#### 3. **Beechtree Capital Inc. Annual Management Fees:**

On the first \$500,000 of assets, the annual fee is **1%** (0.01) of total assets under management, payable quarterly at the rate of **1/4 of 1%** (0.0025) of the market value of assets under management at the end of each quarter. On assets of \$500,001 to \$1,500,000, the annual fee is **3/4 of 1%** (0.0075) per year (payable at the rate of 0.001875 quarterly). On assets of \$1,500,001 and above, the annual fee is **1/2 of 1%** (0.0050) per year (payable at the rate of 0.00125 quarterly). Minimum account size is \$500,000 (\$5,000 annual fee). Related accounts may be combined to determine the fee. Clients are billed quarterly and may choose to have their fee deducted from their assets, or may pay by check.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

Beechtree Capital Inc does not participate in performance-based fees or side-by-side management

#### **Item 7: Types of Clients**

Most of Beechtree Capital's clients are individuals and families. Many have maintained accounts with BCI for many years. BCI also manages portfolios and provides investment advice for pension plans, charitable foundations, endowments and trusts. BCI generally requires a minimum of \$500,000 to open an advisory account.

#### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

##### Methods of Analysis

The largest institutional investors, such as corporate pension funds, devote their considerable resources to selecting investment sectors, and then hire a variety of money managers specializing in the chosen markets to execute their investment strategies. Fortunately for the individual investor, the no-load mutual fund universe contains several thousand funds, a few of them run by the same impressive talent tapped by the major institutions to manage their money. Through selected no-load funds, the services of world-class investment managers can be acquired for small portfolios at relatively low fees.

The ready availability of well-managed, no-load, low expense and low turnover mutual and exchange-traded funds makes the multiple fund approach highly cost effective and successful over time for the individual investor. Emphasis in individual fund selection is first, on management -- its integrity, experience, style and skill; the ideal fund investment will have a seasoned manager who is an owner of the fund company and whose own net worth is invested in the fund along with us. Second, priority is placed on reasonable expense ratio levels; and third, on low turnover, especially for taxable accounts.

##### Investment Strategies and Risk of Loss

Beechtree Capital's investment style focuses on preservation of capital and long term, risk-adjusted total return on capital. Value and consistency of investment return are sought, rather than aggressive growth. Because of the mathematics of compounding, studies show that generating steady returns over time without incurring big losses makes it much more likely to achieve above-average long term results than does following an aggressive strategy that produces big gains in some years and big losses in others.

By establishing representation in a variety of markets, investment sectors and asset classes, BCI aims to maximize return potential over the long term, while spreading and reducing risk. Overall market risks for investments that are diversified geographically and by sector will often be muted by the tendency of different markets to move in different directions at a given time. In addition, the risks of individual security selection are reduced by the diversification provided within a mutual fund.

Investing in securities' markets involves the risk of loss. Despite the best efforts of BCI at risk management, clients may experience periods of capital loss from time to time.

#### **Item 9: Disciplinary Information**

Beechtree Capital Inc has no legal or disciplinary events to disclose.

#### **Item 10: Other Financial Industry Activities and Affiliations**

Beechtree Capital requests that all investment management accounts be maintained at Schwab Institutional Services, a division of discount broker Charles Schwab & Co. Selected for its high quality processing systems and client service, Schwab Institutional provides order execution, trade confirmations, administrative services and monthly position reports for BCI and its clients. For a complete explanation of Schwab's transaction costs, please refer to Item 5, Fees and Compensation.

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

Susan Burke and the employees of BCI will from time to time purchase or sell for themselves the same securities that are purchased for clients. As a matter of principle, BCI believes it is an alignment of interests to own the same securities in both BCI employees' personal accounts and its client accounts. There is deemed to be no conflict of interest as the securities involved (mostly mutual and exchange-traded funds) are widely held and publicly traded, and the transaction size is typically far too small to affect the market. In addition, when such situations arise, the interests of clients are always placed above the interests of BCI employees.

BCI is dedicated to helping individual investors meet their financial goals by serving them with integrity, honesty, objectivity and competence, always acting in the best interests of the client. BCI will provide a copy of its Code of Ethics on request.

#### **Item 12: Brokerage Practices**

BCI's clients are required to establish (an) account(s) with Charles Schwab & Co., Inc. for custody and trade execution purposes. Charles Schwab & Co., Inc. is known as the premier discount broker; as such its commission rates on trading individual securities can be expected in general to be somewhat lower than those of full service brokers, but may be higher than those of some deep discount brokers. It is not expected that Schwab will offer the lowest commission rate levels available anywhere on a given trade. The overall package of features and customer services provided to BCI and its clients makes it advantageous to custody assets and perform trade executions at Schwab.

It is believed that the competitive pressures on commission rates within the discount brokerage industry will provide BCI's clients with favorable executions on their trades, considering the sizes of their transactions.

At this time, BCI does not follow the practice of directing trades to particular brokers to pay for research services nor does it pay "soft dollars" for any research services or other product. BCI's investment research is conducted by using publicly available sources and by purchasing for cash dollars various investment subscriptions and services.

#### **Item 13: Review of Accounts**

Beechtree Capital's portfolio manager, Susan Burke, and Chief Compliance Officer, Zoe Kamitses, continuously monitor accounts to identify and correct any transaction or valuation errors, and to implement investment strategies that serve each client's investment objectives. Portfolios are constructed to meet the individual risk tolerance and investment objectives of each client. Accounts are reviewed continuously for changes in market conditions, fund performance and client needs.

BCI's clients are provided with transaction confirmation notices and monthly summary account statements directly from broker-dealer/custodian Schwab Institutional Services, a division of discount broker Charles Schwab & Co. Portfolio manager Susan Burke prepares quarterly, for each client, a written portfolio review discussing account activity and performance.

**Item 14: Client Referrals and Other Compensation**

BCI has no arrangements, oral or in writing, whereby it receives any economic benefit from a non-client in connection with giving advice to clients.

BCI does not compensate, directly or indirectly, persons or clients who refer clients to the firm.

**Item 15: Custody**

Beechtree Capital Inc. requires that all client assets be maintained with Charles Schwab & Co., Inc., a registered broker-dealer, member of SIPC, and a qualified custodian. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed to by BCI. Schwab will deliver monthly account statements directly to clients, and in addition, send verification of the mailing to BCI on a monthly basis. BCI downloads all client statements from Schwab each month.

While Beechtree Capital Inc. does not have full custody of client's assets, it does, with the client's permission, have authority to deduct advisory fees directly from a client's account.

BCI performs a daily reconciliation which compares its internal accounts with the Schwab accounts. Transactions are compared and approved daily by BCI's portfolio manager, Susan K. Burke.

BCI advises its clients to compare BCI's quarterly portfolio statements with Schwab's end-of-quarter monthly statement. Where there is any discrepancy, Schwab's statement should be assumed to be correct unless proved otherwise. Modest discrepancies are normal due to timing differences. These differences are reconciled in BCI's daily reconciliation process.

**Item 16: Investment Discretion**

BCI manages most client investment accounts on a discretionary basis. This means that typically it has the right, without obtaining specific client consent, to determine the securities that are bought or sold in client accounts, and the amounts of those transactions. This discretion is guided by a written *Client Investment Objective* statement, developed for and agreed to by each client before any trading is undertaken. This client objective statement guides asset allocation and investment selection decisions. Discretion is limited in that BCI cannot withdraw funds from client accounts other than for quarterly management fees, and cannot authorize disbursement of assets other than to the client's own address of record.

**Item 17: Voting Client Securities**

It is the policy of BCI not to vote proxies on the securities held in its clients' accounts. If a client wishes to vote proxies, BCI will arrange on request that all proxy materials and other corporate mailings be mailed directly to the client.

**Item 18: Financial Information**

Management fees are paid quarterly in arrears. Beechtree Capital Inc does not require or solicit any prepayment of fees.