

# Massey, Quick & Co., LLC

SEC File Number: 801 – 63357

## Massey, Quick & Co., LLC

### Brochure

### Dated 3/31/2011

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This brochure provides information about the qualifications and business practices of Massey, Quick & Co., LLC. If you have any questions about the contents of this brochure, please contact us at (973) 525-1000 or [leslie.quick@masseyquick.com](mailto:leslie.quick@masseyquick.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 Massey, Quick & Co., LLC also is available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Massey, Quick & Co., LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes made to Massey, Quick & Co., LLC's disclosure statement since last year's Annual Amendment filing on \_\_03/31/2011\_\_.

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#### Item 4            Advisory Business

- A. Massey, Quick & Co., LLC (the “Registrant”) is a limited liability company formed on June 4, 2004 in the State of New Jersey. Registrant became registered as an Investment Adviser Firm in July 2004. Registrant is principally owned by Stewart R. Massey and QIII Family Enterprises LLC.
- B. As discussed below, Registrant offers to its clients (individuals, pension and profit business entities, endowments and foundations) investment advisory services, investment consulting and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **WEALTH MANAGEMENT SERVICES**

The client can determine to engage Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value and type of assets placed under Registrant’s management (between 0.04% and 1.25%) as follows:

#### **EQUITY**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$10,000,000	1.25%
Between \$10,000,001-\$25,000,000	0.90%
Between \$25,000,001-\$75,000,000	0.75%
Between \$75,000,001-\$150,000,000	0.65%
Over \$150,000,000	0.50%

#### **FIXED INCOME**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$50,000,000	0.15%
Between \$50,000,001-\$100,000,000	0.08%
Over \$100,000,000	0.04%

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Registrant), Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **Investment Consulting Services**

The client can determine to engage Registrant to provide Investment Consulting services. The annual fee charged for Investment Consulting is as follows:

## EQUITY

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$10,000,000	1.00%
Between \$10,000,001-\$25,000,000	0.75%
Between \$25,000,001-\$75,000,000	0.65%
Between \$75,000,001-\$150,000,000	0.50%
Over \$150,000,000	0.35%

## FIXED INCOME

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$50,000,000	0.15%
Between \$50,000,001-\$100,000,000	0.08%
Over \$100,000,000	0.04%

**Affiliated Private Investment Funds.** Registrant's affiliated entity, Massey Quick Absolute Management LLC, serves as the General Partner of two private investment funds: Massey Quick Absolute Return Fund Ltd. (a fund whose assets are allocated among various other private investment funds) and Massey Quick Multi Manager Equity Fund LP (a fund whose assets are allocated among various separate account managers) (together, the "*affiliated funds*") (the complete description of the terms, conditions, risks and fees [including incentive compensation associated with each of the *affiliated funds* is set forth in each *affiliated funds* offering documents). Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated funds*. The terms and conditions for participation in the *affiliated funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because Registrant and/or its affiliates can earn compensation from the *affiliated funds* (both management fees and incentive compensation) that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become an *affiliated funds* investor presents a **conflict of interest**. No client is under any obligation to become an *affiliated funds* investor.

**Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions regarding this conflict of interest.**

**Unaffiliated Private Investment Funds.** Registrant may also provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

## **COMPREHENSIVE REPORTING**

Registrant may also provide comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). Should the client receive such reporting services, the client acknowledges and understands that with respect to the Excluded Assets, Registrant's service is limited to reporting services only and does not include investment management, review, or monitoring services, nor investment recommendations or advice. As such, the client, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. In the event the client desires that Registrant provide investment management services with respect to the Excluded Assets, the client may engage Registrant to do so for a separate and additional fee pursuant to the terms and conditions of an *Investment Advisory Agreement* between Registrant and the client.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, Registrant *may* determine to provide financial planning and/or consulting services on a stand-alone separate fee basis. In providing financial planning and/or consulting services, Registrant will review several areas of the client's financial profile, including objectives, asset/liability analysis, tax planning, cash flow management, investment planning, retirement planning, risk management, estate planning, multi-generational wealth transfer strategies, asset protection, and closely held business transition strategies.

Registrant's planning and consulting fees are negotiable. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of Registrant's services should be construed as same. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Independent Managers.** Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Sub-Advisory Arrangements.** The Registrant may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant. The Registrant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services. The Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions concerning the Registrant's sub-advisory arrangements.

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Fortigent.** Registrant has entered into a contractual relationship with Fortigent, a third party due diligence and back-office firm, to assist Registrant with investment-related due diligence and administrative support services. **Registrant's Chief Compliance Officer, Leslie C. Quick, III, is available to address any questions that a client or prospective client may have regarding the above arrangement.**

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Registrant **may** maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Registrant's advisory fee. **Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.**

**Other Investment Advisor.** Registrant is a member of First Santa Fe Wealth Advisors, LLC ("Santa Fe"), a joint venture with New Mexico Banquest Corporation. Santa Fe is an SEC registered investment adviser. Pursuant to an Operating Agreement by and between Registrant and New Mexico Banquest Corporation, Registrant provides financial planning and wealth management services to individuals, foundations and endowments for clients introduced by New Mexico Banquest Corporation to Santa Fe.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate Registrant's services without penalty.

- C. Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Registrant's services.
- D. Registrant does not participate in a wrap fee program.
- E. As of March 31, 2011, Registrant had \$332,479,848 in assets under management on a discretionary basis and \$2,655,121,494 in assets under management on a non-discretionary basis for a total of \$2,987,601,342.

## **Item 5            Fees and Compensation**

- A. The client can determine to engage Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

### **WEALTH MANAGEMENT SERVICES**

If a client determines to engage Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis, Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Registrant's management between 0.04% and 1.25%) as follows:

#### **EQUITY**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$10,000,000	1.25%
Between \$10,000,001-\$25,000,000	0.90%
Between \$25,000,001-\$75,000,000	0.75%
Between \$75,000,001-\$150,000,000	0.65%
Over \$150,000,000	0.50%



## FIXED INCOME

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$50,000,000	0.15%
Between \$50,000,001-\$100,000,000	0.08%
Over \$100,000,000	0.04%

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Registrant), Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### Investment Consulting Services

The client can determine to engage Registrant to provide Investment Consulting services. The annual fee charged for Investment Consulting is as follows:

## EQUITY

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$10,000,000	1.00%
Between \$10,000,001-\$25,000,000	0.75%
Between \$25,000,001-\$75,000,000	0.65%
Between \$75,000,001-\$150,000,000	0.50%
Over \$150,000,000	0.35%

## FIXED INCOME

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$50,000,000	0.15%
Between \$50,000,001-\$100,000,000	0.08%
Over \$100,000,000	0.04%

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable.

- B. Registrant's advisory fees are deducted from the client's custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Registrant's investment advisory fee and to directly remit that management fee to Registrant in compliance with regulatory procedures. In the limited event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant shall deduct fees and/or

bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), Fidelity Investments ("*Fidelity*"), TD Ameritrade ("*Ameritrade*") and/or Pershing, LLC ("*Pershing*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *Fidelity*, *Ameritrade* and *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Registrant generally requires a minimum asset level of \$5,000,000 for investment advisory services. The minimum investment in the *affiliated funds* is \$1,000,000. Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.

- E. Neither Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither Registrant nor any supervised person of Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

Registrant's clients shall generally include individuals, pension and profit business entities, endowments and foundations. Registrant generally requires a minimum asset level of \$5,000,000 for investment advisory services. The minimum investment in the *affiliated funds* is \$1,000,000. Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional

assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

B. Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Registrant must have access to current/new market information. Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur

higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Registrant may also implement and/or recommend – short selling and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Registrant shall be with the intent of offsetting/“hedging” a potential market risk in a client’s portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Registrant primarily allocates client investment assets among various mutual funds and exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), *Independent Manager[s]* and/or private investment funds, on a discretionary and non-discretionary basis in accordance with the client’s designated investment objective(s). (*See Independent Manager[s]* above).

As disclosed above, the Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts. (*See* Item 4.B).

## Item 9            Disciplinary Information

Registrant has not been the subject of any disciplinary actions.

## Item 10           Other Financial Industry Activities and Affiliations

- A. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
  - 2. **Private Investment Funds.** Registrant's affiliated entity, Massey Quick Absolute Management LLC, serves as the General Partner of two private investment funds: Massey Quick Absolute Return Fund Ltd. and Massey Quick Multi Manager Equity Fund LP (together, the "*affiliated funds*") (the complete description of the terms, conditions, risks and fees [including incentive compensation] associated with each of the *affiliated funds* is set forth in each *affiliated funds* offering documents). Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated funds*. The terms and conditions for participation in the *affiliated funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because Registrant and/or its affiliates can earn compensation from the *affiliated funds* (both management fees and incentive compensation) that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 above, the recommendation that a client become an *affiliated funds* investor presents a **conflict of interest**. No client is under any obligation to become an *affiliated funds* investor. **Registrant's Chief Compliance Officer, Leslie C. Quirk, III, remains available to address any questions regarding this conflict of interest.**

**Please Also Note: Valuation .** In the event that Registrant references private investment funds owned by the client on any supplemental

account reports prepared by Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

- D. Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

- B. As disclosed above, Registrant and/or its affiliates have a financial interest in the *affiliated funds*. Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated funds*. The terms and conditions for participation in the *affiliated funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the *affiliated funds*' offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions regarding this conflict of interest.**

- C. Registrant and/or representatives of Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that an Access Person of Registrant

must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Registrant selects; provided, however that at any time that Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Registrant and/or representatives of Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab, Fidelity, Ameritrade* and/or *Pershing*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Registrant considers in recommending *Schwab, Fidelity, Ameritrade* and/or *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may

receive from *Schwab, Fidelity, Ameritrade* and/or *Pershing* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Ameritrade* and/or *Pershing* as a result of this arrangement. There is no corresponding commitment made by Registrant to *Schwab, Fidelity, Ameritrade* and/or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Registrant does not receive referrals from broker-dealers.
3. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.



**Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Registrant on an annual basis.
- B. Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Registrant may receive an indirect economic benefit from *Schwab, Fidelity, Ameritrade* and/or *Pershing*. Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab, Fidelity, Ameritrade* and/or *Pershing*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Ameritrade* and/or *Pershing* as a result of this arrangement. There is no corresponding commitment made by Registrant to *Schwab, Fidelity, Ameritrade* and/or *Pershing* or any other entity to invest any specific amount or

percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Registrant and the solicitor, including the compensation to be received by the solicitor from Registrant.

## **Item 15      Custody**

Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Registrant as the client's attorney and agent in fact, granting Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to

purchase securities with an inverse relationship to the market, limit or proscribe Registrant's use of margin, etc.).

## **Item 17          Voting Client Securities**

- A. With the exception of the *affiliated funds*, Registrant does not vote client proxies. Thus, unless client assets are in the *affiliated funds*, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

With respect to the *affiliated funds*, Registrant's general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds (collectively, "*affiliated funds proxies*"), in a manner that serves the best interests of the *affiliated funds*, as determined by Registrant in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the effect on liquidity; and (iv) industry and business practices. In limited circumstances, Registrant may refrain from voting *affiliated funds proxies* where Registrant believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the *affiliated funds*. Information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Leslie C. Quick, III.

- B. Except with respect to the *affiliated funds*, as discussed above, clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18          Financial Information**

- A. Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Registrant's Chief Compliance Officer, Leslie C. Quick, III, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**