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Item 1 – Cover Page

Giordano Asset Management LLC

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[www.harborinvest.com](http://www.harborinvest.com)

[www.giordanofunds.com](http://www.giordanofunds.com)

March 31, 2011

This Brochure provides information about the qualifications and business practices of Giordano Asset Management LLC [“GAM”]. If you have any questions about the contents of this Brochure, please contact us at 410-266-9110. 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.

GAM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Joseph Giordano, Chief Compliance Officer, at 410-266-9110 or [Giordano@annapolis.net](mailto:Giordano@annapolis.net). Our Brochure is also available on our web site [www.harborinvest.com](http://www.harborinvest.com), also free of charge.

Additional information about GAM is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with GAM who are registered, or are required to be registered, as investment adviser representatives of GAM.

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#### **Item 4 – Advisory Business**

GAM was founded in January 2005 as an investment adviser to an investment company registered under the Investment Company Act of 1940. In the second half of 2011, GAM anticipates serving as an investment adviser to clients with more than \$1 million in assets. Joseph Giordano is the principal owner of the firm.

The firm offers investment advice on stocks, bonds, exchange traded funds (ETF's) and options to its clients as an office of supervisory jurisdiction (OSJ) of Capital Investment Group Inc. GAM develops investment strategies that are tailored to each individual's needs by looking at the specific investment goals of a client as well as the client's financial position.

On a non-discretionary basis, the firm manages \$85 million in clients' assets through its broker-dealer, Capital Investment Group Inc.

#### **Item 5 – Fees and Compensation**

Investment Adviser's Compensation Schedule:

|   | <u>Annual Fees</u> |
|---|--------------------|
| On all assets below \$75 million                  | 1.00%              |
| On assets between \$75 million and \$125 million  | 0.75%              |
| On assets between \$125 million and \$200 million | 0.70%              |
| On all assets over \$300 million                  | 0.65%              |

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

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

GAM provides investment Advisory services to the Giordano Fund, a mutual fund family and anticipates providing investment Advisory services to individuals with greater than \$1 million account size.

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

The Adviser generally invests at least 80% of its client's assets in equity securities of companies that have a strong history of paying dividends or that Adviser determines have a strong likelihood of paying dividends in the future. The Adviser may invest up to 20% of its assets in the following types of securities that the Adviser believes can generate average capital appreciation and income relative to their risks: corporate, government, and government agency bonds; covered-call options; and index based exchange-traded funds.

The Adviser monitors over 1,500 stocks. For a particular stock to be considered for purchase by the Adviser, its dividend yield must be equal to or greater than the average dividend yield of the S&P Index of which it is a member. The Adviser then considers for possible inclusion of a company's stock in the Fund's portfolio other factors that it feels are favorable and distinguishing. These factors include:

- Increasing/improving earnings prospects,
- Companies that are undervalued versus their peers but with predictable track records,
- Out of favor companies with turnaround prospects,
- Companies with a history of dividend increases,
- Stock price momentum,
- Low standard deviation,
- Low relative value, and
- Liquidity factors

The Adviser anticipates that if it determines that the dividend yield of a particular stock held by the Fund falls below its respective S&P Index's average dividend yield, the Fund will sell the security within six months of such determination unless the stock's dividend yield increases above its respective S&P Index average. The Adviser may also sell the security if, in the Adviser's assessment, it believes that the prospects for capital appreciation and income generation have diminished since the security was acquired. The Adviser expects that the Fund will generally hold securities of at least 20 companies at any given time.

The Adviser may invest in other investments that the Adviser believes will generate above average capital appreciation and current income. These investments may include real estate investment trusts, preferred stock in mid-cap and large-cap publicly traded companies that may or may not be included in one of the S&P indices, and investment and non-investment grade bonds. The Adviser may also invest in covered call options to

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increase income and purchase index based exchange-traded funds (ETFs) representing an S&P Index. The Adviser may also invest in equity securities of foreign companies through American Depositary Receipts (ADRs).

Investing in securities involves risk of loss that clients should prepare to bear. An investment by the Adviser is subject to investment risks, including the possible loss of some or the entire principal amount invested. The loss of money is a risk of investing in the Fund. There can be no assurance that the Fund will be successful in meeting its investment objective. The Adviser's ability to choose suitable investments has a significant impact on the ability of the Fund to achieve its investment objective. Generally, the Fund will be subject to the following additional risks:

- Market Risk
- Management Style Risk
- Small-cap and Mid-cap Companies Risk
- Credit Risk
- Interest Rate Risk
- Maturity Risk
- Preferred Securities Risk
- Investment-Grade Securities Risk
- Derivative Instruments Risk
- Real Estate Securities Risk

An investment in the Fund may lose value and is not guaranteed or insured by a bank, the Federal Deposit Insurance Corporation, or any other government agency.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GAM or the integrity of GAM's management. The firm has no information applicable to this Item.

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

GAM has a related person that is a broker-dealer, municipal securities dealer, or government securities broker or dealer and an investment company (including mutual funds).

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GAM is affiliated with Capital Investment Group, a broker-dealer, and Harbor Investment Solutions, LLC, an OSJ Branch Office for Capital Investment Group.

### **Item 11 – Code of Ethics**

GAM has adopted a Code of Ethics pursuant to Rule 17j-1 under the 1940 Act. Under the Code of Ethics no access person (as defined in the code) shall engage in any act, practice or course of conduct that would violate the provision of Rule 17j-1(b) of the 1940 Act.

The Adviser and each of its Access Persons shall be governed by the following principles:

- A. The interests of Clients are paramount and come before the interests of any Access Person or employee of the Adviser;
- B. No Access Person shall engage in any act, practice or course of conduct that would violate the provisions of Rule 17j-1 set forth above or Rule 204A-1;
- C. Personal investing activities of all Access Persons shall be conducted consistent with the Code of Ethics and in a manner that shall avoid actual or potential conflicts of interest with Clients or any abuse of an individual's position of trust and responsibility;
- D. Investment Personnel shall not use such positions, or any investment opportunities presented by virtue of such positions, to the detriment of Clients; and
- E. Directors, officers, and employees of the Adviser shall comply with applicable federal securities laws.

No Access Person shall recommend any transactions with respect to a Covered Security by any Client without first disclosing his or her interest, if any, in such Covered Securities or the issuer thereof, including without limitation:

- 1. any direct or indirect Beneficial Ownership of any Covered Securities of such issuer;
- 2. any contemplated transaction by such Access Person in such Covered Securities;
- 3. any position with the issuer of the Covered Securities or its affiliates; and

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4. any present or proposed business relationship between the issuer of the Covered Securities or its affiliates and such Access Person or any entity in which such Access Person has a significant interest.

GAM's clients or prospective clients may request a copy of the firm's complete Code of Ethics by contacting Joseph Giordano.

## **Item 12 – Brokerage Practices**

GAM will be responsible for selecting brokers to be used in client transactions. In selecting brokers to be used in portfolio transactions, GAM's guiding principle is to obtain the best overall execution, which is a combination of price and quality of the execution. It should be noted, through his affiliation as OSJ Branch Manager with Capital Investment Group, Joseph Giordano is in a position to personally effect transactions on behalf of GAM's clients. This capability for direct order entry and elimination of an intermediary broker provides GAM with a number of benefits, including back office contact, ability to correct errors quickly and efficiently, and direct access to decision-makers. Furthermore, the fact that Capital Investment Group does not impose any sales quotas combined with a deeply discounted commission schedule ensures that the fiduciary responsibility to provide "best execution" is met. Neither Joseph Giordano nor GAM will share in the receipt of any commission revenue. This relationship will continually be monitored to ensure best execution and execution quality.

GAM will not obtain items/services related to soft dollar arrangements outside the safe harbor of Section 28(e) of the 1934 Act. Any violations will be adequately disclosed in writing to clients.

GAM will not use commissions to pay for client referrals without disclosure.

GAM will clearly disclose to its clients the use of the their commission dollars.

GAM will allocate aggregated trades among clients when it is appropriate and cost effective to purchase a large block of shares and divide the shares fairly among clients. A written form will be used that details the quantity of shares for each client. This form will be faxed for allocation to the executing broker and maintained in the permanent files of GAM. Clients are made aware when establishing their account that they may be part of aggregated trades.



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### **Item 13 – Review of Accounts**

Joseph A. Giordano, Chief Compliance Officer of Giordano Asset Management, reviews accounts monthly but will analyze the account more often than monthly when necessary.

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

The Adviser does not accept from someone who is not a client any economic benefit for providing investment advice or other Advisory services to clients. The Adviser does not directly or indirectly compensate any person for client referrals.

### **Item 15 – Custody**

GAM does not have custody of client assets.

### **Item 16 – Investment Discretion**

The Adviser accepts discretionary authority to manage securities accounts on behalf of clients. The client would disclose the only limitations on this authority in writing. Prior to accepting discretionary authority, a written contract and power of attorney are executed. Furthermore, additional forms required by an executing broker are completed.

When selecting securities and determining amounts, The Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, GAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

### **Item 17 – Voting Client Securities**

GAM shall vote proxies related to securities held by any client in a manner solely in the interest of the client. In general, GAM considers factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment. Proxy votes generally will be cast in favor of proposals that the Adviser believes maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on

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each and every issue, GAM and its employees shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

Clients may obtain a copy of GAM's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how the Adviser voted any proxies on behalf of their account(s).

#### **Item 18 – Financial Information**

The Adviser has no financial commitment that impairs its ability to remain as a going concern and ability to meet its contractual and fiduciary commitments to its clients, and has not been the subject of a bankruptcy procedure.

#### **Item 19 – Requirements for State-Registered Advisers**

GAM is not registered with a state securities authority.