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O'Shaughnessy Asset Management, LLC

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Firm Brochure

March 2011

This brochure provides information about the qualifications and business practices of O'Shaughnessy Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 975-3333 or info@osam.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 O'Shaughnessy Asset Management, LLC also is available on the SEC's web site at www.adviserinfo.sec.gov.

Part 2A of Form ADV

Item 2 — Material Changes

Not applicable.

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Item 4 —Advisory Business

We are O’Shaughnessy Asset Management, LLC (OSAM), a Stamford, Connecticut-based quantitative money management firm. We deliver a broad range of equity portfolios to individual investors, institutional investors and the high-net-worth clients of financial advisers. We also manage mutual funds in the United States as well as serving as a sub-adviser to a family of Canadian mutual funds through the Royal Bank of Canada, and serving as a sub-adviser to UCITS funds in the United Kingdom through Skandia Investment Management Ltd.

Our investment strategies are based on the research of our Chairman/CEO and CIO, Jim O’Shaughnessy, widely regarded as a pioneer in quantitative equity analysis. Jim and his team have identified the characteristics that have led to successful investing over the last fifty years, and it is these characteristics that form the foundation of our strategies.

We strongly believe in the value of applying empirical, fundamental research to uncover the best quantitative stock selection strategies. We have done an exhaustive study of the historical characteristics that the best value and growth stocks possess, and this research forms the basis of every portfolio we offer. Our strategies select stocks in a logical, unemotional way, and they appeal to common sense: we look for stocks selling at a discount but showing good potential for growth.

We do not seek to deviate from our strategies, and we adhere to a disciplined systematic process. We believe that many money managers underperform their benchmarks because of their inherent inability to divorce themselves from the emotions that often cloud good decision-making. Our process is consistent and rational; we do not let short term market fluctuations distract us from our longer-term goals. We allow our stock selection screens to add value over full market cycles and

we generally stay fully invested in the market. And, unlike most other quantitative managers, our process is transparent. We show you how and why we choose the stocks that we do, helping you fully understand our models and how they are designed to work

We offer a broad range of equity strategies, from small capitalization to large capitalization, growth to value, including multi-capitalization and international strategies (i.e. non-US, Canadian, Global, International, etc.). Many of our investment strategies rank as leaders within their peer groups.

We provide ongoing portfolio management services based on the individual objectives, time horizon and risk tolerance of each client. Our investment supervisory services include investment strategy, asset selection and portfolio monitoring. We participate in some brokers' wrap fee programs; we receive a portion of the wrap fee for our services. See page 3 for more information about these programs.

Sometimes we receive information about a client's finances from the client or from the client's other advisors; we are entitled to assume this kind of information is correct. Sometimes we recommend the services of other professionals to our clients; it is up to the client to decide whether or not to use anyone whom we recommend. Clients must advise us promptly if there is ever any change in their financial situation or investment objectives.

We provide an updated copy of this brochure to each client prior to signing an investment management agreement. Any client may end our services without owing us anything for five business days after signing an investment management agreement.

Jim O'Shaughnessy, through a family company, is the principal owner of our firm, and 8 other employees are equity owners in the firm. We have been in business since 2007, although Jim and his team have been working together at other firms for much longer.

As of December 31, 2010, we managed \$5,037,219,250 of assets across 2,962 accounts, all of which was on a discretionary basis.

Item 5 — Fees and Compensation

Our fees are usually based on a percentage of the client's assets that we manage.

We generally charge a fee for all assets we manage based on the schedule below. Fees may be sometimes be negotiated, and the final fee will be noted in the client's investment management agreement. Fees are generally paid after the end of each calendar quarter, either in arrears or in advance depending on the contract terms. Clients may end our services at any time by giving us a notice in writing. If any fees were to be charged in advanced and services were not rendered or terminated before completion, those unearned fees would be refunded on a pro-rata basis. In general, we are paid by withdrawing our fees directly from clients' accounts on a quarterly (or more frequent) basis; we obtain prior written permission to do this.

This is our general fee schedule ("MM" = million):

<u>Strategy</u>	<u>Fee</u>
Small Cap Growth	1.00% on first \$50MM
Small Cap Growth Taxable	0.80% on next \$50 to \$150MM
Small Cap Value	0.70% over \$150MM

Small – Mid Cap Growth	0.85% on first \$50MM 0.75% on next \$50 to \$150MM 0.65% over \$150MM
Global Equity International Equity International—ADR Canadian Equity All Canadian Equity	0.85% on first \$50MM 0.75% on next \$50 to \$150MM 0.65% over \$150MM
Micro	1.5%
All Cap Core Value Blend Growth Blend Enhanced Dividend Large Cap Growth Value Opportunities Diversified Aggressive Diversified Conservative Diversified Moderate Market Leaders Growth Market Leaders Value	0.70% on first \$50MM 0.60% on next \$50 to \$150MM 0.50% over \$150MM

When we provide services to other investment advisers, we receive a share of the investment management fee paid by the client, depending on the nature of the work we do.

Our investment strategies, and the details of those strategies, sometimes change. The most current information about our strategies is available at our web site at www.osam.com. At the time a client hires us, they direct us to invest in a specific strategy, via either a Strategy Selection Sheet or an Exhibit in the Investment Management Agreement which has some information about the objectives of the strategy.

We serve as investment manager under several wrap fee programs. These programs are sponsored by brokerage firms. Generally, wrap fee program clients have their accounts managed by investment managers, such as OSAM, that participate in the brokerage firms' wrap programs. The brokerage firm provides services such as custody of assets and the execution of trades that the investment manager directs in accord with the investment strategy that the client has selected. Typically, there is also an investment advisor affiliated with or employed by the brokerage firm who is responsible for communicating with the client. In return for a single, all inclusive fee, the brokerage firm evaluates and monitors our performance, executes our trades and remits payment to the investment advisor and us for our services.

When we act as investment manager under a wrap fee program, we do not negotiate brokerage commissions or other costs for the client's account; these costs are included in the all-inclusive wrap fee charged by the broker. Sometimes we may select outside brokers to execute trades for

the wrap fee program; however, we generally place buy and sell orders through the sponsor because the wrap fee usually covers only commissions to the sponsor. If we select another broker, then any commissions will typically be charged separately to the client's account over and above the wrap fee.

Clients have the option to purchase investments products that we recommend through brokers and agents they choose; we are not affiliated with any U.S. broker. Clients may not transfer their investment management agreement to anyone else without our permission. Likewise, we may not transfer the management of a client's account to anyone else without the client's permission.

Item 6 — Performance-Based Fees and Side-By-Side Management

We, at the client's request, sometimes charge a fee for investment management services that includes a performance-related fee. Accounts with performance-based fees are an inconsequential part of our business, and, for that reason, we do not discuss them at length in this brochure. When we charge a performance-related fee, we comply with the requirements of a federal regulation that governs these fees, including requirements for how we disclose the fees and with whom we are allowed to have performance-based fee arrangements. We rely on our clients to give us financial information about whether they are, or have stopped being, eligible for performance-based fee programs. Some of our employees manage both conventional and performance-based-fee accounts at the same time; but, because of the nature of our services, we do not believe that any conflicts of interest arise from these multiple duties. We discuss these conflicts, and why we believe they are minimal or non-existent, in the next paragraph. We never increase a client's fees without the client's consent.

Most of our employees provide investment-management services to multiple accounts. For example, an employee may manage mutual funds and also provide management services to a private fund or account. This is called side-by-side management. Some of these accounts may have different investment strategies. Because our employees do not use individual discretion in buying stocks – rather, they buy and sell stocks only at the times and in the amounts determined by a computer model – there are only very limited opportunities for conflicts of interest from side-by-side management at our firm. This is the case even when a stock may be long in one client's portfolio and short in another. We keep compliance policies and procedures designed to identify and minimize any conflicts.

Item 7 — Types of Clients

We give advice to individuals, banks and thrift institutions, mutual funds, pensions and profit-sharing plans, trusts, estates and or charities. We usually will not manage a client's investments unless the client's assets are greater than \$250,000 for individuals who are introduced to us by brokers and financial consultants, and \$5,000,000 for institutions. We may waive these minimums at our discretion.

Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss

Our method of investment management is systematic and unemotional. That means that the stocks we buy for a client's account are chosen by a computer model we have developed, rather than by a person who makes individual judgments about each stock. We use models that we find have produced attractive theoretical returns in the past (either on an absolute and/or risk-adjusted basis) to make future stock selections. The models are based on stock characteristics that have historically indicated strong potential investments. These might include, but are not limited to, stocks that have attractive valuations, strong yields and/or strong recent price trends. We do not conduct any research regarding the merits of any individual stock above and beyond those parameters included in our

models—in other words we do not go out and visit with company management, follow media headlines about a company or assess short-term economic factors and the potential impact on our strategies. In fact, we believe these more subjective parameters often cloud the judgment of money managers, leading to under instead of outperformance.

Accounts are rebalanced periodically and we generally screen the portfolios on a daily basis for a series of rules-based parameters, determined by our discretion, which might lead us to sell a position in advance of a scheduled rebalance. These may include a significant decline in the stock's market value, mergers or acquisition activity, or restatement of company financials.

Data for our models comes from industry leading data providers such as Compustat, Worldscope, MSCI, Bloomberg, and CRSP.

An investment in stocks managed using our methods involves risks. These risks are typical of the risks of investing in a diversified portfolio of stocks. We believe that these kinds of investments are suitable for investors who are prepared to make a long-term commitment to this method, who will not need to sell their investments, and who have enough assets to assume the risk of changes in the value of their investments.

Our systems and methods (as with any system of investing in stocks) could result in losses if, for example, the stocks selected are experiencing financial difficulty, become out of the favor in the market because of weak performance, poor earnings forecasts or announcements, negative publicity or general market cycles, or if there are general declines in markets. Our method is not appropriate for investors who cannot afford to bear the risk of these kinds of losses. Also, negative developments affecting a particular stock may occur. Stocks selected by our models may decline during a given year. Rebalancing may result in selling stocks which have recently performed well and increase investments with relatively lower returns. Even with our best efforts, the investment objective of an account may not be achieved, or the value of the account may decrease.

We believe our methods are suitable for investors who are seeking above-average absolute or risk-adjusted total returns, primarily through capital appreciation, in common stocks. These kinds of portfolios fluctuate in value and may not be suitable for investors for whom preservation of capital is their primary objective. There have been times that portfolios of investments selected using some of our strategies have declined in value; on some occasions, these declines have been greater in percentage terms than the declines experienced by broad market indices such as the S&P 500. We develop and recommend models based on their historical, theoretical performance; but we cannot assure clients that those models will produce returns in the future similar to their historical, theoretical returns.

Neither the past performance of any other accounts or funds managed in accordance with our methods, nor the hypothetical historical performance of any index or strategy, is any assurance of future investment results. We do not guarantee the future performance of an account or fund, or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management.

Item 9 — Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or to the integrity of our management.

Item 10 — Other Financial Industry Activities and Affiliations

We control the general partner of a hedge fund, O'Shaughnessy Pari Passu LP (the Fund), which specializes in investing in alternative investments. Interests in the Fund are privately offered, and only to accredited investors. All relevant information and terms of the Fund, including our compensation, are in the confidential offering memorandum of the Fund and the related documents. These documents must be read and signed by investors in the Fund. Because of the unique strategy of the Fund, we may give advice or take actions for the Fund that differs from our advice and actions for individual client accounts. If a particular investment is suitable for the Fund and our individual client accounts, and there is a limited supply of the investment, we will allocate the investment among the Fund and the individual client accounts pro-rata so that no client is given any advantage over another.

We provide sub-advisory services to certain Royal Bank of Canada mutual funds under a contract with RBC Asset Management. RBC Asset Management is an affiliate of Royal Bank of Canada, which also owns a passive minority membership interest in our firm.

We manage a suite of mutual funds distributed through Quasar Distributors LLC, an affiliate of US Bancorp Fund Services Inc. The funds are each a series of Advisors Series Trust.

We also serve as a sub-adviser to UCITS funds in the United Kingdom through Skandia Investment Management Ltd. which is authorized and regulated by the Financial Services Authority.

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

We do not allow employees to purchase individual stocks for their own accounts or for the accounts of their family members. Employees may sell stocks they owned when they first started working for us by complying with our advance-clearance procedure. Employees are generally permitted to buy mutual fund and exchange-traded funds for their own accounts, subject to reasonable limits. This policy is part of our code of ethics, which serves as a standard of business conduct for all of our employees based upon fundamental principles of openness, integrity, honesty and trust. A copy of our Code of Ethics is available to any client or prospective client upon request. We keep and enforce written policies to prevent the misuse of non-public information.

Our code of ethics covers the following areas: prohibited purchases and sales, insider trading, exempted transactions, prohibited activities, conflicts of interest, gifts and entertainment, confidentiality, service on a board of directors, compliance procedures, compliance with laws and regulations, personal securities transactions, procedures and reporting, certification of compliance, reporting violations, compliance officer duties, training and education, recordkeeping, annual review, and sanctions.

For a copy of the code of ethics, please request it by email directed to info@osam.com.

Item 12 — Brokerage Practices

We maintain trading authority over client accounts. The client chooses the custodian for his account. OSAM will never charge a premium or commission on transactions. We make reasonable efforts to get group discounts on transactions when possible. Regarding our best execution responsibilities for our client base, we have software to measure pre-trade estimates and post-trade results for optimal security pricing and commissions paid. This data is constantly monitored, and the best execution committee meets regularly to review trade data and discuss methods of improvement.

Regarding our intermediary financial advisory business, our trading authority is sometimes limited by the client's objectives and guidelines and by the client's choice of custodian. The majority of our individual clients have given custody of their accounts to brokerage firms they selected. When the individual client uses a broker as his custodian, we usually direct transactions through that broker when we can. However, in some cases (particularly when the securities to be purchased or sold are not broadly traded) we may use another broker in order to obtain best execution. When we are allowed to select the broker or asked to do so by the client, we try to select a financially responsible broker who will provide the best net execution (price received and commission paid), as well as one who will provide effective service in clearance and settlement. This may not be the lowest commission, but it should generally be competitive with prevailing rates. In choosing a broker, we take into account all factors impacting the execution of the order, including liquidity and the amount of capital commitment of the broker. Sometimes we direct the purchase or sale of stocks for more than one account at the same time. These kinds of transactions could potentially benefit or harm one or more particular accounts; we thus do not order these kinds of trades unless we believe they will be in the best interest of the affected accounts. When we order trades at the same time for multiple accounts, we try to allocate the trades fairly to the accounts involved. We typically allot stocks to clients with prices averaged on a per-share basis.

We do not select brokerage firms based on research or other non-brokerage products or soft-dollar services provided to us, and our stock selections do not generally use third-party research products or services except for the databases we discuss at page 5 of this brochure. We do not pay for these databases using soft dollars.

Upon request we may help clients recapture a portion of their commissions through the relationships that exist between clients and other unaffiliated brokers. As a result, some clients may receive lower net commission rates due to the recapture. We alone decide if these programs are practical and in the best interest of the client, depending on each client's circumstances.

Item 13 — Review of Accounts

Because of the disciplined and unemotional nature of our investment methods, accounts invested using our approach are reviewed on a periodic basis. A comprehensive review is performed in connection with the rebalancing of each account. Accounts are generally reviewed and may be rebalanced on a regular cycle. However, we may rebalance in other circumstances, and we may change the factors and models incorporated into our strategies. This process is intended to mitigate risk by forcing a reevaluation of the best- and worst-performing securities at scheduled and certain points in time.

We may monitor investments for "red flag" guidelines (for example, loss of market value, restatement of financials, merger and acquisition activity, bankruptcy or corporate fraud) when we can do that practically; a determination that a red flag event has occurred may cause a security to be sold prior to the end of the rebalance cycle. Once we know of a red flag event, we usually sell the stock as soon as practicable. We then decide how to invest the proceeds from the sale of stocks affected by the red flags. While under normal circumstances securities affected by the red flags will be sold, we may not do that if we think that it is in the best interest of the client to retain the stock. Please note red flags typically account for only a very small percentage of our annual transactions.

Item 14 — Client Referrals and Other Compensation

Sometimes we hire people and businesses to solicit business for us. When we do this, we comply with an SEC rule that applies to solicitors. We have a written agreement with anyone who solicits for us. We pay them a portion of the total fee we receive for managing the account. A solicitation fee may create a conflict of interest because the solicitor has an incentive to recommend our services, even if we may not be the best adviser for the client. When we use a solicitor, the client is not charged any additional fees. If we use a solicitor, we comply with an SEC rule that requires us to disclose compensation of the solicitor before the client signs an agreement with us.

Sometimes the solicitor is a registered investment adviser or registered representative; in those cases, the solicitor must obtain information from the client to determine whether we would be a suitable adviser for the client. Once we are hired, we are responsible for selecting investments appropriate for the investment strategy selected by the client. If the solicitor is not a registered investment adviser or registered representative, then we will determine that our strategy is suitable for the client. Sometimes we consult with our solicitors on market and sales ideas.

We have arrangements with other investment advisers to provide advisory services to accounts that Jim O'Shaughnessy managed while he was employed by Bear Stearns Asset Management, Inc., and to other accounts that Bear Stearns and Co. (formerly a part of JPMorgan Securities) may introduce to us in the future. We share investment management fees with JPMorgan Securities for these accounts. JPMorgan Securities (or other JPMorgan companies) may solicit accounts for us, and, if they do, we will pay JPMorgan for its services as required by our agreement with them.

Item 15 — Custody

We do not accept actual custody of any clients' regular managed accounts. We are deemed to have custody of the Fund because we control the Fund's general partner, and the general partner has the right to disburse the Fund's assets.

Item 16 — Investment Discretion

We generally obtain written authority from clients to place securities buy and sell orders for clients' accounts without permission from the client for each transaction. This authority is contained in the client's investment management agreement.

Item 17 — Voting Client Securities

For most of the accounts we manage, we have authority to vote proxies, and we make choices about mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events. We use a service provider to help us do these things. Clients may, by asking us sufficiently in advance, direct our vote. We do not engage in proxy contests and do not believe that any meaningful conflicts of interest exist between us and our clients in voting. OSAM will not file class action or other lawsuits for a client.

We arrange with the client to have the custodian to us or the third-party service provider copies of all proxies and shareholder communications. Except in unusual circumstances, we vote proxies with management. We or the third-party service provider maintains records of proxy voting as required by law, and will give copies of the rules that apply to clients if they ask for them. We will also provide clients with information about how we voted on any proxy issue if they ask. Information regarding the third-party service provider is available upon request as well.

Item 18 —Financial Information

Not applicable.

Supplemental Information — Management

Anyone who gives advice for our firm must have earned a college degree or have meaningful investment-related experience. Anyone who does this must also have all required investment-related licenses and designations. None of our employees listed below has been the subject of any material legal or disciplinary event. The telephone number for each of the people listed below is (203) 975-3333.

These are the people who manage our firm and make investment decisions for our clients:

James P. O'Shaughnessy

Education Background:

BA (International Economics)	University of Minnesota	1986
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Business Background:

2007 – Present	Chairman/CEO & CIO	O'Shaughnessy Asset Management, LLC
2001 – 2007	Senior Managing Director	Bear Stearns Asset Management, Inc.
1999 – 2001	Chairman/CEO	Netfolio, Inc.
1987 – 1999	Chairman/CEO	O'Shaughnessy Capital Management, LLC

Jim is the author of these books:

Invest Like The Best

What Works On Wall Street

How To Retire Rich

Predicting The Markets Of Tomorrow

Jim is our chairman and chief executive officer. He is also our chief investment officer and lead portfolio manager of the firm; he is ultimately responsible for our investment strategies, working with rest of our team to set the agenda for the firm, and with the chief compliance officer to be in compliance with all laws, rules policies and procedures. Jim was responsible for the development of our existing strategies and directs the team on idea generation and initiatives to improve the models and develop new ones.

Christopher S. Loveless

Educational Background:

BA (Advertising)	Texas Tech University	1993
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Business Background:

2007 – Present	President & COO/Member	O'Shaughnessy Asset Management, LLC
2001 – 2007	Managing Director/Principal	Bear Stearns Asset Management, Inc.
1999 – 2001	Vice President	Netfolio, Inc.
1997 – 1999	Vice President	O'Shaughnessy Capital Management, LLC
1994 – 1997	Vice President	Merrill Lynch

Chris serves as our president and chief operating officer. He is responsible for operational management of the firm, as well as overseeing the technology, performance, operations and administrative teams. He also serves as the director of sales and leads the institutional sales and client service efforts, answering directly to Jim O'Shaughnessy.

Ari M. Rosenbaum

Educational Background:

BA (English)	Penn State University	1991
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Business Background:

2007 – Present	Director of the Financial Advisory Business/Member	O'Shaughnessy Asset Management, LLC
2005 – 2007	Managing Director	Bear Stearns Asset Management, Inc.
2001 – 2005	Vice President	Arnold Worldwide
1999 – 2001	Vice President	Netfolio, Inc.
1997 – 1999	Vice President	O'Shaughnessy Capital Management, LLC

Ari serves as the director of our financial advisory business. He leads the sales efforts for our intermediary channel. In this role, he keeps current relationships with advisory platforms, family offices and financial advisers. He is also our director of marketing and is supervised by Chris Loveless.

Christopher I. Meredith

Educational Background:

MA (Financial Mathematics)	Columbia University	2007
MBA (Finance)	Cornell University	2005
BA (English)	Colgate University	1995

Business Background:

2007 – Present	Director of Research & Portfolio Management/Member	O'Shaughnessy Asset Management, LLC
2005 – 2007	Vice President	Bear Stearns Asset Management, Inc.
2001 – 2003	Director of Technology	Oracle Corp.
1999 – 2001	Director of Technology	Bertelsmann AG
1998 – 1999	Senior Consultant	Oracle Corp.

Chris is a senior portfolio manager and our director of research and portfolio management. He is responsible for portfolio management, investment strategy research and overseeing the firm's trading efforts. His responsibilities include daily model generation and strategy optimization, reviewing account rebalances and trade analysis. On the research side, Chris leads a team of analysts conducting research on new and existing strategies and evaluating the efficacy of new factors answering directly to Jim O'Shaughnessy.

Sandra Hahn-Colbert, CFA

Educational Background:

MBA	Fordham Graduate School of Business	1991
BA (International Studies)	Siena College	1985

Business Background:

2007 – Present	Director of Performance, Risk & Operations/Member	O'Shaughnessy Asset Management, LLC
1993 – 2007	Director of Performance & Risk	Neuberger Berman
1986 – 1993	Vice President	Gabelli Asset Management Co.

Sandra is our director of performance, risk and operations. She keeps our performance-standards compliance and ensures the integrity of all data and metrics that accompany the presentation of our performance. She is responsible for managing the relationship with the firm's back office support, which is outsourced, and managing the internal team that supports the portfolio management and trading functions. She reports to Chris Loveless.