

Disclosure Brochure

March 22, 2012

Herrick Portfolio Management Co.

a Registered Investment Adviser

19601 Van Aken Boulevard, Suite 45
Shaker Heights, OH 44122

(440) 666-7760

This brochure provides information about the qualifications and business practices of Herrick Portfolio Management Co. (hereinafter "HPM"). If you have any questions about the contents of this brochure, please contact Bruce Herrick at (440) 666-7760. 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 Herrick Portfolio Management Co. is available on the SEC's website at www.adviserinfo.sec.gov.

Herrick Portfolio Management Co. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since HPM's last annual update dated June 30, 2011. HPM does not have any material changes to disclose in this Item.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents.....	iii
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation	6
Item 6. Performance-Based Fees and Side-by-Side Management	8
Item 7. Types of Clients	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9. Disciplinary Information.....	13
Item 10. Other Financial Industry Activities and Affiliations	14
Item 11. Code of Ethics	15
Item 12. Brokerage Practices.....	16
Item 13. Review of Accounts.....	19
Item 14. Client Referrals and Other Compensation	20
Item 15. Custody	21
Item 16. Investment Discretion.....	22
Item 17. Voting Client Securities	23
Item 18. Financial Information.....	24

Item 4. Advisory Business

HPM provides financial planning, consulting, and investment management services. Prior to engaging HPM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with HPM setting forth the terms and conditions under which HPM renders its services (collectively the “Agreement”).

HPM has been in business as an SEC registered investment adviser since September 12, 2007. Bruce A. Herrick is the principal owner of HPM.

HPM has \$17,210,332 of assets under management as of March 8, 2012, all of which are managed on a discretionary basis.

This Disclosure Brochure describes the business of HPM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of HPM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on HPM's behalf and is subject to HPM's supervision or control.

Investment Management Services

Clients can engage HPM to manage all or a portion of their assets on a discretionary basis.

HPM primarily allocates clients' investment management assets among mutual funds, exchange-traded funds (“ETFs”) and individual debt and equity securities in accordance with the investment objectives of the client. HPM also provides advice about any type of investment held in clients' portfolios.

HPM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, HPM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

HPM tailors its advisory services to the individual needs of clients. HPM consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. HPM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify HPM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon HPM's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in HPM's sole discretion,

Herrick Portfolio Management Co. Disclosure Brochure

the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Item 5. Fees and Compensation

HPM offers its services on a fee basis, based upon assets under management.

Investment Management Fee

HPM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by HPM. HPM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. HPM does not, however, receive any portion of these commissions, fees, and costs. HPM's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by HPM on the last day of the previous quarter. The annual fee varies (between 0.50% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

HPM, in its sole discretion, may negotiate to charge a lesser management fee 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, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), HPM generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

HPM may only implement its investment management recommendations after the client has arranged for and furnished HPM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by HPM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to HPM's fee.

HPM's *Agreement* and the separate agreement with any *Financial Institutions* may authorize HPM to debit the client's account for the amount of HPM's fee and to directly remit that management fee to HPM.

Any *Financial Institutions* recommended by HPM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to HPM.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between HPM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. HPM's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to HPM's right to terminate an account. Additions may be in cash or securities provided that HPM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to HPM, subject to the usual and customary securities settlement procedures. However, HPM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. HPM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into an account after the inception of a quarter that exceed \$100,000 the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. For partial withdrawals in excess of \$100,000 within a billing period, HPM will credit its unearned fee towards the next quarter's fee.

Item 6. Performance-Based Fees and Side-by-Side Management

HPM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

HPM provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

Methods of Analysis

HPM's primary method of analysis is technical analysis. *Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that HPM will be able to accurately predict such a reoccurrence.

Investment Strategies

HPM is a one-person investment portfolio management company operated by Bruce Herrick. Mr. Herrick is a 62 year old individual, who has been managing client investment portfolios since November, 1973. HPM primarily uses technical analysis, specifically point and figure charting systems which have been developed over the past 37 years.

HPM subscribes to and follows independent sources for fundamental and technical information to supplement its research. The research consists of daily charting activities which allow for the constant study of trends in the general markets, industries, investment sectors and individual securities as well as ETFs.

The portfolios can consist of any combination of individual stock securities, ETFs, open-end mutual funds, government, corporate, and municipal bonds. The individual portfolios are tailored to the individual client's needs. As a result of daily study, trends in the individual markets are identified. From this information, trends in industries and sectors are identified as well as opportunities for investment gain. Individual securities, ETFs, and open-ended mutual funds are chosen based on the information obtained while studying these trends.

The trends are monitored on a daily basis and adjusted as change occurs. If the charts indicate that markets may be declining, "inverse positions" (investments which will appreciate during downtrends) are identified and implemented to protect account values.

Assets are held at *Schwab* and are available to be viewed by clients on an instant basis through the use of *Schwab's* internet services. No assets are held by HPM. As a result of assets being held by *Schwab*, security transaction costs are held to a minimum or are implemented with no cost to the client in certain securities and mutual funds.

Schwab delivers trade confirmations on an instantaneous basis. Monthly statements of account assets and value are delivered by *Schwab*. Quarterly investment return notices are delivered by HPM as well as a year-end summary. Individual meetings are available upon request.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of HPM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that HPM will be able to predict those price movements accurately.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by HPM in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to HPM will be increased. As a result, in addition to

understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to HPM. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

HPM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. HPM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

HPM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. HPM does not have any required disclosures to this Item.

Item 11. Code of Ethics

HPM and persons associated with HPM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with HPM's policies and procedures.

HPM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by HPM or any of its associated persons. The *Code of Ethics* also requires that certain of HPM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in HPM's *Code of Ethics*, none of HPM's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of HPM's clients.

When HPM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when HPM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact HPM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, HPM generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which HPM considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables HPM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by HPM's clients comply with HPM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where HPM determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. HPM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

HPM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct HPM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and HPM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by HPM (as described below). As a result, the 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. Subject to its duty of best execution, HPM may decline a client's request to direct brokerage if, in HPM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless HPM decides to purchase or sell the same securities for several clients at approximately the same time. HPM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among HPM'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 generally be averaged as to price and allocated among HPM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that HPM determines to aggregate client orders for the purchase or sale of securities, including securities in which HPM's *Supervised Persons* may invest, HPM generally does so in accordance with applicable

rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. HPM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that HPM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, HPM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist HPM in its investment decision-making process. Such research generally will be used to service all of HPM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because HPM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

HPM may receive from *Schwab*, without cost to HPM, computer software and related systems support, which allow HPM to better monitor client accounts maintained at *Schwab*. HPM may receive the software and related support without cost because HPM renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit HPM, but not its clients directly. In fulfilling its duties to its clients, HPM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that HPM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence HPM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, HPM may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client

Herrick Portfolio Management Co. Disclosure Brochure

accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom HPM provides investment management services, HPM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Principal of HPM, Bruce A. Herrick. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with HPM and to keep HPM informed of any changes thereto. HPM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom HPM provides investment advisory services will also receive a report from HPM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from HPM.

Item 14. Client Referrals and Other Compensation

HPM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, HPM is required to disclose any direct or indirect compensation that it provides for client referrals. HPM does not have any required disclosures to this Item.

Item 15. Custody

HPM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize HPM through such *Financial Institution* to debit the client's account for the amount of HPM's fee and to directly remit that management fee to HPM in accordance with applicable custody rules.

The *Financial Institutions* recommended by HPM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to HPM. In addition, as discussed in Item 13, HPM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from HPM.

Item 16. Investment Discretion

HPM is given the authority to exercise discretion on behalf of clients. HPM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. HPM is given this authority through a power-of-attorney included in the agreement between HPM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). HPM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

HPM is required to disclose if it accepts authority to vote client securities. HPM does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

HPM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, HPM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. HPM has no disclosures pursuant to this Item.

Herrick Portfolio Management Co.

a Registered Investment Adviser

19601 Van Aken Boulevard, Suite 45
Shaker Heights, OH 44122

(440) 666-7760

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®