

Private Harbour Investment Management & Counsel

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This brochure provides information about the qualification and business practices of Private Harbour Investment Management & Counsel. If you have any questions about the contents of this brochure, please contact us at 216-292-5700. 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 Private Harbour Investment Management & Counsel is also available on the Internet at www.advisorinfo.sec.gov.

Private Harbour Investment Management & Counsel is a Registered Investment Advisor, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. This designation does not imply a certain level of skill or training.

Item 2 - Material Changes

On July 28, 2010, the United States 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 December 31, 2010 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.

The only material change from Private Harbour's Brochure and Schedule F is we revised this Brochure to meet the new SEC Amendment to Form ADV Part 2.

Since this is a major format change and new content has been included, we recommend clients and prospective clients review the entire brochure and its supplements.

We will further provide you with a new Brochure, free of charge, as necessary based on changes or new information. Our Brochure may be requested, free of charge, by contacting us at 216-292-5700.

The SEC's website also provides information about any persons affiliated with Private Harbour Investment Management & Counsel who are registered, or are required to be registered, as investment advisor representatives of Private Harbour.

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Item 4 - Advisory Business

Private Harbour Investment Management & Counsel is an independently owned SEC-registered investment advisor. The firm is headquartered in Pepper Pike, Ohio and a satellite office in Boca Grande, Florida. The firm was founded in 2008 by Geoffrey J. Greenleaf, CFA and James A. Blue, CFA. Mr. Greenleaf and Mr. Blue worked together at a prior firm for nearly 10 years. Mr. Greenleaf owns 60% of Private Harbour and Mr. Blue owns the remaining 40% of the firm. Together they have more than five decades of experience in investment management.

Private Harbour provides investment management and related services to help improve the quality of our clients' lives financially and in other ways. Private Harbour provides continuous investment management services for client accounts.

Related services can include tax planning, estate planning, financial forecasts and more. Private Harbour also publishes a Quarterly Newsletter which we send to clients and prospective clients.

At Private Harbour, we blend a variety of different disciplines into our investment advisory business. We primarily use fundamental analysis to determine the merit of whether we should make an initial purchase an investment security. Valuation is a critical component of that analysis, as we believe that what one pays for an investment is directly and significantly related to the end-outcome in terms of ultimate return. In addition to fundamental analysis, we may also use technical analysis in determining our planned entry and exit points for our various investments.

Additionally, we do offer financial planning services. All clients and prospects should know that we do not use financial planning as an excuse to sell products like: annuities, insurance, mutual funds with sales loads. Our belief is that without making an effort to determine our clients' goals, it is far more difficult to determine how much risk would be both necessary and appropriate for our clients to accept in order to meet their goals. Therefore, as it relates to developing an appropriate investment policy statement, we believe it is important to help our clients by, at a minimum, preparing a financial forecast that allows our clients to see whether various asset allocation levels will meet their needs.

Further, for clients who wish to review other traditional planning avenues, such as college funding, insurance or annuity analysis and estate planning, we offer these services on a time-incurred basis.

Private Harbour is committed to tailoring an investment strategy for growth and security for our clients. We aim to provide the best individualized service and achieve the optimum balance between growing and preserving investments. We are dedicated to establishing and sustaining a personal relationship with each client, fully understanding their unique situation, and helping them realize their financial goals.

In order to manage risk, we always tailor asset allocation percentages to individual client situations. Additionally, if there is a need to manage around a unique ownership position for tax or client preference, we will tailor the securities used in portfolio construction

around those constraints. In all cases where the uniqueness of customization meets the efficiency of standardization, we strive for a balance that will meet the client's overall return goals while limiting risk to no more than they would prefer (or are willing to tolerate) depending on specific situational factors. Occasionally, clients will request that we honor their preference not to invest in certain types of companies based on social restrictions e.g., tobacco companies, animal testing companies). We honor those requests.

The firm does not participate in any wrap fee programs.

As of December 31, 2010 Private Harbour had a total of \$223 million assets under management on a discretionary basis and \$2.6 million assets under management on a non-discretionary basis.

Item 5 - Fees and Compensation

Private Harbour provides investment management and counsel to investors in exchange for a fee.

Fee schedules for individually managed portfolios are as follows:

Balanced Fee Schedule:

Annual fee of 1.0% on the first \$1 million
0.75% on the next \$4 million
0.6% on the next \$5 million
0.5% on the amount over \$10 million

Equity Only Fee Schedule:

Annual fee of 1.0% on the first \$5 million
0.8% on the next \$5 million
0.6% on the amount over \$10 million

Fixed Income Fee Schedule:

Annual fee of 0.6% on the first \$1 million
0.5% on the next \$1 million
0.4% on the next \$3 million
0.3% on the amount over \$5 million

Private Harbour offers a 20% reduction from our regular fee schedules to Charitable organizations.

Private Harbour reserves the right, in its sole discretion, to negotiate and to charge different advisory fees for certain accounts based on the client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the client's relationship with the firm. Fees charged to large account clients may be subject to negotiation as a result of the initial or potential size of the accounts. Differences in advisory fees paid by certain clients may also reflect account inception dates, or the entirety of the client's relationship with the firm. Private Harbour may, under appropriate circumstances, make special fee arrangements with clients and may also elect to

exclude from billed assets certain low-cost securities in taxable accounts because of large built-in capital gains that new clients bring to the firm at the start of the relationship.

Private Harbour may also provide investment advice on a non-discretionary basis through consultation in selected cases where the client wishes to benefit from the firm's investment knowledge and experience but is not in a position to grant discretionary investment powers to the firm. The client's portfolio will be reviewed on a mutually agreed upon basis and specific new investment opportunities will be brought up for consideration. Fees for such consultation are negotiable.

Private Harbour's clients typically authorize their account custodian to debit one or more of their accounts for the amount of Private Harbour's investment advisory fee and to directly remit that management fee to Private Harbour. Clients may also choose to be billed for fees incurred, instead of deducting fees from their assets under management. Private Harbour invoices clients in advance, at the beginning of each quarter, based on the value of the funds, securities and other assets under management at the end of the last business day preceding the billing date.

In conjunction with our making asset allocation investment decisions, some clients request (and/or we occasionally recommend) that we perform a financial planning exercise in order to gauge whether clients have enough assets to live the way they wish in retirement, given a variety of assumptions about investment rates of return, tax rates, client income, tax deductions, etc. In cases where we perform such a review, we charge an hourly fee and use that time to review client's overall financial, tax and estate plans and, once complete, make recommendations to improve their overall financial situation when warranted. This review and documents that are created as a result of this process is what constitutes our financial planning process. Our only compensation is derived from the amount of time we spend working with the client's situation. We do not sell annuities or insurance. We do not offer fee-based subscriptions. Fees charged range from \$1,000 for a basic review to \$5,000 for a more complicated review. Fees are negotiable and may be offset partially or entirely in conjunction with long-term investment management relationships of sufficient size. For financial planning clients, compensation is payable after the review has been completed. We do not offer refunds for this type of work. There are no investments to "terminate" with regard to a financial plan that we have prepared.

In addition to Private Harbour's investment management fee, clients will incur custodian fees and brokerage fees. In some cases, custodian fees are included in the brokerage fees. Since our fees are charged on an "Assets Under Management" basis, it is in both our clients' interest as well as ours to seek out ways to limit expenses. Therefore, on behalf of our clients, we have negotiated commission and custodial fee rates down to what we consider to be nominal levels in order to help save our clients money and improve their after-fee returns.

Private Harbour may decide from time to time to put a portion of clients' assets into exchange-traded funds, open-ended mutual funds or closed-end mutual funds to achieve a certain investment result. When using any of the funds mentioned, clients should be aware they are paying two levels of advisory fees for the management of those assets. One fee is paid directly to Private Harbour and the other indirectly through the management fees assessed by the funds contained in their portfolio. Clients may also incur brokerage and other transaction costs. For additional information, please see "Item 12: Brokerage Practices" later in this document.

Our clients are invoiced just after the beginning of the upcoming quarter. Therefore, some part of our fee is billed in arrears, while most is billed in advance. For example, for the quarter running from January 1 to March 31, most of our invoicing is done between January 12th and January 28th. The part before the invoice date is billed in arrears, while the part afterwards is done in advance.

In order to protect the interests of our clients, our advisory agreement may be terminated at any time by either party. Upon termination, fees paid in advance will be promptly refunded to the client on a prorated basis to the date of termination.

Private Harbour and/or its employees do not receive any compensation for the sale of securities or other investment products, including mutual funds.

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

Private Harbour does not charge any performance-based fees.

Item 7 - Types of Clients

Private Harbour generally provides investment advice to high net worth individuals, pension/profit sharing plans, trusts/estates/charitable organizations, and corporations.

We generally require a minimum investment of \$500,000 for a client to be separately managed. Our minimum investment is negotiable and we reserve the right to decline business at our discretion.

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

Private Harbour offers advice on the following: equity securities (exchange-listed securities, securities traded over-the-counter and foreign issuers), corporate debt securities, certificates of deposit, municipal securities, investment company securities (mutual fund shares), U.S. government securities and options contracts on securities.

The main sources of information Private Harbour uses include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate ratings services, timing services, company filings including annual reports, prospectuses, SEC filings and press releases.

Private Harbour primarily uses a long-term strategy when investing for clients (securities held at least a year). Under the current tax code, it makes sense to be a long-term investor for most of our clients because the tax rates are more favorable under long-term capital gains than those under short-term capital gain rates.

In cases where we do not use a long-term strategy, there would have to be good reasons, which may include the client's ownership of tax-loss carry-forwards which would mitigate a potentially higher tax rate on gains or simply taking profits in an investment where our target price for an investment was simply reached too quickly (i.e., before the 12-month threshold).

Occasionally, we will also use options in our investment strategy. This may include covered call writing, uncovered options and/or spread strategies. The use of these methods is situational and is not done continually or for all clients. However, when appropriate, it can be used to enhance returns or limit downside-risks.

At Private Harbour, we seek to preserve and grow client wealth by managing risks and aiming to keep returns comfortably ahead of inflation. We primarily use three core strategies depending on your risk tolerance, goals and situation. Even our most aggressive investment style - the Core Equity Strategy - would be considered conservative.

Private Harbour Core Equity Strategy

The Private Harbour Core Equity investment strategy is for clients who want a portfolio entirely in common stocks but with a conservative bias.

Using this strategy, we invest in companies we believe will deliver steady and consistent long-term growth in revenues and earnings, while building portfolios that attempt to moderate risk of permanent principal loss. We typically screen for well-established companies with a long-term track record of earnings growth, high return on capital and increasing their dividends.

Private Harbour uses fundamental and technical analysis to identify the companies and the target entry and exit prices we believe will provide a healthy margin of safety for our clients. Experience has taught us that this value-bias helps limit portfolio downside during the more challenging conditions when the stock market is declining.

While our prior track record of protecting client asset values during stock market downturns is evidence that our value-based strategy works to limit client losses, there is no guarantee that it will continue to work during future bear markets. We live in a scary and unpredictable world, where the risks are many.

Additionally, while we also strive to capture as much of the gains as possible during "up markets", our conservative style is less aggressive at all times, not just during "down markets". Therefore, clients and prospects need to understand and acknowledge that conservative means less volatility in both directions. They should be prepared to potentially accept below-market returns during markets that are rapidly moving up.

Risk is the possibility that you may lose some or all of your investment, or that your investment may not increase in value. In equity investing, you need to take into account the following risks:

Security Risk - The risk that a stock will decline in value, either temporarily or permanently.

Market Risk - The risk that all stocks will decline in value at the same time (i.e., a bear market).

Liquidity Risk - The possibility that you will be unable to sell an asset at the time and price that you want. You may be forced to retain the asset or accept less than you believe the asset to be worth.

Political Risk - Events such as wars, embargos, coups, and the appointments of individuals with unfavorable economic policies can affect the financial markets.

Economic Risk - There is a risk that the economy as a whole will suffer a downturn. This risk generally impacts all the financial markets.

Industry Risk - There is a risk that a specific industry may suffer a downturn.

Tax Risk - Given the ballooning Federal and State debt levels, tax rates may rise in the future. Higher taxes may make investments less profitable for both businesses and investors, which would mean lower equity investment returns in the form of capital appreciation or dividends.

Even though we strive for conservatism and protection, some bear markets have been bad enough where even conservative, blue-chip stock selection has not been enough to protect against temporary losses of principal value. In our stock selection process, we strive to protect clients against permanent impairments of principal value.

Private Harbour Balanced Strategy

The Private Harbour Balanced investment strategy blends the Core Equity approach with client-specific allocations of fixed income investments. We design custom portfolios in order to match portfolio risk with our client's risk tolerance. Individual and institutional clients can benefit from our approach to risk management versus an all-equity portfolio.

Depending on a client's circumstances, our fixed income allocation can incorporate default-risk-free taxable Treasury bonds, certificates of deposit, corporate bonds, tax-free municipal bonds and preferred stocks. In determining how to blend equity and fixed income components, we establish a specific time-constraint on the timing of withdrawal of your funds so we can blend that information with our sense of the best available values given the currently available rates on the yield curve and interest rate spreads for different fixed income investments.

In addition to the risks noted in the Core Equity Strategy, risks in using a balanced approach are that you may not attain as much return as if a more aggressive approach was utilized during a sharply rising stock market.

Also, interest rates are unpredictable and are subject to influence by government entities, such as the Federal Reserve Bank. In addition to interest rate risk, the use of fixed income investments also includes additional risk such as default risk (the risk that bond proceeds will not be returned in-full at the maturity of the instrument) and inflation risk (the risk that inflation devalues the investment-return dollars you receive over time).

Interest Rate Risk - When interest rates change, bond prices usually move inversely to the direction of the change in interest rates. Interest rate risk is the risk that after bonds

have been purchased, interest rates would rise and bond prices decline. The more time until the scheduled maturity of the bonds, the greater the expected price change. For example, in a shift of interest rates from 4% to 8%, one would expect a much larger price decline in a bond with 30 years until maturity than would be expected within a bond with 30 days until maturity.

Credit Risk - Many fixed income investments have the risk of default, which means that the issuer is unable to make further income and/or principal payments. Some fixed income securities are explicitly or implicitly backed by the U.S. Government (Treasury bonds, Ginnie Mae, bonds of Fannie Mae and Freddie Mac, Federal Home Loan Bank, Federal Farm Credit Bank). These bonds are generally considered to be default-risk free, though that presumption does not seem to be as much of a guarantee as it felt like 10-20 years ago.

Bonds are typically classified as investment-grade or below investment grade (commonly referred to as high-yield or junk bonds) depending on the credit ratings they receive from one of several credit rating agencies (Standard & Poor's, Moody's, Fitch). Bonds with ratings AAA, AA, A and BBB are investment-grade, while bonds with a credit rating of BB+ or lower are considered below-investment-grade. Credit risk is a greater concern for junk bonds than for investment-grade bonds.

Inflation Risk - The risk that inflation erodes the purchasing power of your money in the future.

Call Risk - Callable bonds have loan covenant provisions that allow the issuer to repay part or all of a bond before its scheduled maturity date. If interest rates decline to the point where it makes economic sense for a bond's issuer to refinance its callable bonds at lower coupon rates, then bondholder interest payments cease and they receive their principal before maturity. If this happens, bondholders will likely have to reinvest their proceeds at a lower coupon rate.

Prepayment Risk - Mortgage-backed securities, such as those issued by Ginnie Mae, Fannie Mae and Freddie Mac, are subject to prepayment risk. Prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected return on investment. An example of this would be when a pool of mortgages has a 7% coupon and individuals within that pool decide to refinance their mortgages. The pool's initial expected life would be shortened due to the early payments from refinancing. This would cause investors to likely have to reinvest their proceeds at a lower coupon rate.

Reinvestment Risk - When interest rates decline and fixed income securities mature (or are called away) investors may not have the option of investing in fixed income investments at rates that were as high as those of the securities that are maturing.

Price Fluctuations - As a result of the risks noted above, investors should understand that, while bonds are generally considered to be less volatile than stocks, there have been periods where rapid economic or interest rate changes have made bond prices even more volatile than stocks. While it is unusual for that to occur, it is not unprecedented.

Non-defaulting bonds held to maturity will return the full principal amount to the bondholder upon maturity. However, those sold before maturity may experience a gain or loss depending on the market price at the time of sale.

Income Fluctuations - Some fixed income investments have variable interest rates whose rates are derived from the level of other economic factors. For example, a Certificate of Deposit (CD) might agree to make payments based upon the Consumer Price Index (CPI) plus 175 basis points. If the CPI reported a 3% rate of inflation, the bond would pay 4.75% times the par amount of the CD.

Private Harbour Income Generation Strategy

You might need more current income than can be reasonably expected from a balanced investment approach. In these situations, we strive to generate significant current cash flow while giving due consideration to the many risks inherent in such a strategy. Maximum cash flow must be balanced with a number of risks: default, interest rate, duration and inflation. This strategy might be used to generate sufficient income on which to live or to enhance the long-term return on a corporate cash account.

In addition to fixed income investments, this strategy modifies the equity selection process by increasing the emphasis on current income generation. We identify companies that currently pay significant dividends and that we expect to maintain or raise their payout in the future in order to enhance the ability of our clients to generate sufficient current income to fund their lifestyles.

Dividend Tax Rate Risk - This strategy's use of dividends may be impacted by a desire by the Federal Government to raise the tax rate on qualified dividends from 15% to a higher rate. Should this occur, the after-tax returns on this strategy would likely decline as would the market price of dividend-paying stocks.

Duration Risk - In certain cases, stocks that pay out a significant percentage of their cash flow tend to trade very similarly to the way long-term bonds trade in the bond market. Should interest rates rise significantly, it is reasonable to expect a sizeable price impact on companies who distribute more than 50% of their earnings in the form of distributions to shareholders.

For example, master limited partnerships are publicly-traded securities with significant distributions that we would expect to have a highly inverse correlation between their market prices and the direction of interest rates. It is our belief that their ability to potentially raise prices would insulate them somewhat better over a full business cycle than one would be by owning a 30-year bond.

Item 9 - Disciplinary Information

Private Harbour is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. Neither Private Harbour nor any of its management personnel has had any criminal or civil action in a domestic, foreign or military court of competent jurisdiction brought against them.

Neither Private Harbour nor any of its management personnel has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither Private Harbour nor any of its management personnel has had any proceedings before a self-regulatory organization.

Item 10 - Other Financial Industry Activities and Affiliations

Neither Private Harbour nor any of its management personnel are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Private Harbour nor any of its management personnel are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither Private Harbour nor any of its management personnel have a relationship or arrangement with any related person that is material to our advisory business or to our clients.

Private Harbour does not recommend or select other investment advisers for our clients and thus does not receive compensation from any outside source. We do not have any conflicts of interest with any outsider adviser.

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

Private Harbour has adopted a Code of Ethics that emphasizes that client interests must come before personal interests. Compliance is a mandatory part of our business and is non-negotiable. All employees are required to sign a copy of the Code of Ethics upon employment and annually thereafter.

Private Harbour's Code of Ethics involves the confidentiality of client information, a prohibition of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. A copy of the Code is available to our clients and prospective clients upon request.

Pre-approval for personal trades is required, other than for U.S. Government Debt, Certificates of Deposit and mutual funds. If a personal trade is not completed on the day of approval, then pre-approval is required on each subsequent day the personal trade is attempted.

Employees and other accounts subject to Private Harbour's Personal Trading Policy are required to have their custodian send duplicate statements to our Chief Compliance Officer (CCO). Trades are matched with the pre-approval record. Another person will pre-approve and review the transactions of the CCO.

New employees are required to provide the CCO with an initial copy of all personal account statements, including other members of the employee's household, and any account that the new employee has authority over outside of Private Harbour.

Private Harbour or related person may buy or sell securities identical to those recommended to clients for their personal accounts as long as clients are given priority over Private Harbour or employees. In order to avoid any potential conflict of interest between Private Harbour and its clients, securities transactions for all the accounts of related persons in the same security as that purchased or sold for clients should be entered only after completion of the reasonably anticipated trading in that security for those accounts on any given day. The only exception is for employee accounts which are in our portfolio management system and trade along with the clients. If a new client is engaged after Private Harbour or related person buys or sells such a security, then a similar transaction can be made for the new client.

Private Harbour or a related person may buy, sell or hold securities for itself or certain clients while entering into the opposite investment decision for one or more other client accounts. Conflicts of interest may occur such as selling or buying the same securities that are executed by Private Harbour on behalf of clients in the opposite direction of recommendations to client accounts. These are naturally occurring, inadvertent market crosses that are not considered cross transactions by Private Harbour.

Cross Trading Transactions

Private Harbour has adopted the following procedures with respect to the purchase and sale of securities between accounts managed by Private Harbour. Such procedures include the following:

- The transaction will be a purchase or sale for no consideration other than a cash payment against prompt delivery of a security for which market quotations are readily available.
- The transaction will be consistent with the investment objectives, policies and restrictions for each party of the transaction.
- Except for customary transfer fees, brokerage commission if applicable, no other remuneration will be paid in connection with the transaction.
- The transaction will be effected at the current market price of the security and will not be set by Private Harbour.

We will review these procedures as we deem necessary to ensure continued appropriateness.

Trade Error Policy

From time to time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in your account. If an investment loss results from the correcting trade, Private Harbour will make you whole and reimburse you. Related errors within a single account may be netted (e.g.,

error consisted of two erroneous transactions in one end client account, one for a gain and one for a loss).

Item 12 - Brokerage Practices

Private Harbour chooses brokerage based upon competitive costs, quality, and scope of services provided the client and Private Harbour (either directly or indirectly), best execution of trades, ability to provide liquidity in the market and stability and financial strength of the brokerage organization. A list of approved brokers will be maintained. Custody and trading will occur through those firms. Private Harbour reviews its brokers and custodians periodically as part of our compliance function.

Certain brokers benefit from directed trades, wherein pre-agreed commission schedules within market norms are followed in order to compensate them. In general our directed brokers provide the following additional services that include but are not limited to: quality research information; culled company financial data; additional information and data as may be requested; research summaries on stocks and bonds; general economic and market conditions.

Private Harbour may from time to time develop relationships with various broker-dealers that enable it to use “soft-dollars” to obtain various research services and products. A “soft-dollar” transaction is one in which brokerage commissions are used to obtain research and other services ancillary to the execution of portfolio transactions. When Private Harbour derives a soft-dollar benefit from the services or product obtained, our interests may be adverse to that of the client. Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor under certain circumstances to money managers who use portfolio commissions from managed accounts to receive ancillary goods and services.

As part of our brokerage arrangements, Private Harbour may receive research benefits mentioned above that we do not pay for that may assist us in our investment decision-making process for all of our clients.

It is possible that Private Harbour may have an incentive to select or recommend a broker-dealer based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving best execution. Our mission is to increase our clients' wealth and we have a fiduciary duty to our clients that they receive best execution.

Private Harbour does not cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

Private Harbour uses soft dollar benefits to service all of our clients' accounts and does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Private Harbour acquires the following products and services with client brokerage commissions to aid in the investment decision-making or trade execution for all our clients.

Applied Financial Group (AFG) - a discounted cash flow valuation tool we use to evaluate and measure corporate performance over time and across industries. We subscribe to that service in order to help us identify mispriced securities as potential investment targets. This software helps us evaluate the distortions created by traditional accounting-based analysis and we believe it allows us to make a better determination of the intrinsic value of the underlying business than we would without it.

Morningstar - We use for mutual fund analysis, research and ratings. We believe this service allows us to more quickly and thoroughly analyze mutual fund investments on our clients' behalf.

Reuters Knowledge - a software platform we use to access Thomson Reuters company content as an aggregation service for research-providers as well as to reduce the time required to gather information we believe to be necessary for a sound fundamental analysis of the companies in which we invest.

Exchange Fees - are paid in order that we would have real-time (not 20 minute delayed) pricing for the securities in which we invest. Given how fast markets can move, we believe that our clients would appreciate knowing that we have access to live pricing for their investments. We also use real-time pricing in our efforts to strive for obtaining best execution for our clients.

Some of the procedures we use to direct client transactions to a particular broker-dealer in return for soft dollar benefits we receive are based upon competitive costs, quality of execution, back office operations and liquidity.

Private Harbour does not consider referrals when we select or recommend broker-dealers to clients.

Some of Private Harbour's clients direct us to a broker of their choice. Most brokers are selected by Private Harbour. If the client directs the broker, Private Harbour advises the client that the client may not be able to take advantage of lower commissions on bunched trades. On client directed accounts Private Harbour also discusses with the client the commission rates they are paying. In all cases clients are advised that Private Harbour may be able to negotiate lower commissions on their behalf with their directed broker upon their approval. Private Harbour does not pay brokerage commission in excess of whatever another broker might be charging for effecting the same transactions unless the client has directed Private Harbour to that particular firm and has requested us not to negotiate on their behalf.

Trade Aggregation

Private Harbour will aggregate trades for clients providing that the following conditions are met:

- Private Harbour will aggregate transactions only if it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients.
- No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for the order executed. Commission rates will be based on the size of the block order and all

clients in the order will pay the average commission on the transaction. The only exception is where the custodian sets a transaction price (commission) for individual clients and in those cases the clients will share the same execution price of a blocked trade and will be charged their individual transaction price or commission set by the custodial broker.

- Private Harbour prepares an order allocation strategy before placing an order that specifies the participating client accounts and how it intends to allocate the orders among clients.
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation strategy. If the order is partially filled, it will be allocated pro-rata based on the allocation strategy unless the cost of the transaction would economically prohibit very small partial fills. If an employee account is in a block order allocation and the trade is not entirely filled, the employee account will not get an allocation until all client accounts are filled in that block trade. Private Harbour reserves the right to make all decisions based upon best execution practices. Private Harbour's books and records for each client account will reflect the orders that are aggregated, the securities held, and the securities purchased and sold.
- Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement.
- Private Harbour will receive no additional compensation or remuneration as a result of the proposed aggregation.

Item 13 - Review of Accounts

Private Harbour has two portfolio managers. The portfolio managers monitor accounts on a regular basis. Where applicable, Private Harbour personnel conduct a second level of review as well. The process of client account management can require portfolio managers to provide daily, monthly and/or quarterly reviews regarding specific client account requirements. No portfolio manager has more than 125 relationships. Portfolio managers review client accounts thoroughly each quarter and report to clients with respect to securities bought or sold, overall portfolio composition and portfolio performance versus the market averages and rates of inflation.

Private Harbour requires general standards of education and business experience of all parties involved in determining or giving investment advice to clients. A college degree is required to meet the general standards of education. In addition to the college degree, one or more of the following is required: ten (10) years investment experience, a graduate business or law degree, the Chartered Financial Analyst designation, CPA designation or passing the NASD Series 7 examination.

Members of the Investment Committee are as follows:

Geoffrey J. Greenleaf
James A. Blue, II
Mary Anne Vilyus

Geoffrey J. Greenleaf, born in 1944, graduated from Dartmouth College, Hanover, New Hampshire in 1966 with an A.B. Economics/Engineering degree and earned his MBA/Finance from Stanford University, Palo Alto, California in 1968. Prior to co-founding Private Harbour in 2008, Mr. Greenleaf was Principal and Director of Greenleaf Capital Management since 1976.

James A. Blue, II, born in 1968, graduated from the University of Richmond, Richmond, Virginia in 1990 with a B.S. in Business Administration with concentration in Accounting. Prior to co-founding Private Harbour in 2008, Mr. Blue was Vice-President - Research before becoming a Principal of Greenleaf Capital Management in 2007.

Mary Anne Vilyus, born in 1946, graduated from Notre Dame College of Ohio in 1987 with a B.A. in Management/Accounting. Prior to joining Private Harbour in 2008, Ms. Vilyus was employed by Greenleaf Capital Management since 1986. She was Manager of Operations/Securities Trader and responsible for Compliance.

Factors which trigger review of client portfolios include changes in the nature of any single security held by the client or about to be purchased by a client, changes in the mix of stocks and cash instruments and/or stocks and bonds, changes in the client's income or financial situation and/or tax law changes which would require a client to pay higher taxes. Thus, as a matter of course, there is constant supervision of each portfolio.

All of our clients receive written quarterly reviews as of the end of each calendar quarter (March, June, September and December). A few clients prefer that we review their accounts quarterly, but on a one or two month lag relative to traditional calendar quarters.

Clients receive an inventory of their investments (called a Portfolio Appraisal), a letter explaining their performance compared with the market averages and a list of all securities purchased or sold. The inventory lists each holding, shares, cost, current market price and annual income at the present rate.

Shortly after the end of a tax year, clients with taxable portfolios will receive a report detailing the capital gains and losses which occurred in each of their portfolios. Additionally, all clients receive monthly or quarterly custodial statements detailing positions, transactions and fees.

As a service to our clients, we reconcile transactions on a daily basis and verify cash and positions on a monthly basis. This is all done through data feeds from our various custodians and compared and reconciled with our portfolio accounting system.

Item 14 - Client Referrals and Other Compensation

Neither Private Harbour nor any of our employees receives any material economic benefit, sales awards or other prizes from any outside parties for providing investment

advice to clients. We have had companies send Holiday fruit baskets, chocolates or other items of insignificant monetary value to Private Harbour as a way to show their appreciation for our choosing to work with them.

Private Harbour does have solicitor arrangements that compensate individuals for the referral of business to the company. All such arrangements shall be in writing as permitted by Rule 206(4)-3 of the Investment Advisors Act of 1940. These solicitors introduce prospective clients to Private Harbour. Should a prospect introduction lead a prospect to become a paying client (with Private Harbour receiving management fees), such compensation to the referring party will be paid by Private Harbour - not the client. These fees typically involve paying a portion of the Private Harbour investment management fee to the referring party. Private Harbour will not charge the referral client a higher fee to compensate for the fee it pays to the solicitor.

Private Harbour has implemented an internal employee referral program for clients referred to Private Harbour by its employees. The bonus or cash referral program is as follows:

When an employee refers a client to the firm, the employee receives a bonus equal to 20% of the collected revenue, each quarter for the first 12 months that the client is with Private Harbour. After the first 12 months, an employee will receive 10% of the revenue for each quarter for the next 36 months. In essence the employee referral program is paid out to employees over a four-year period on collected revenues and represents 50% of the client's one-year revenue.

Item 15 - Custody

Private Harbour has authority to debit fees directly from client accounts. For this reason we are deemed to have custody of client funds. Clients receive account statements from their custodian at least quarterly. These statements should be reviewed carefully. Private Harbour sends a report to clients quarterly as described in Item 13, C above. We urge you to compare the statements received from your custodian with the reports we send you each quarter. The portfolio appraisal you receive from us each quarter will have a reminder notice stating the following: "We have provided this information regarding your account(s) based on sources we believe to be reliable and accurate. We urge you to take a moment to compare the account balances contained in this report to those balances reflected on the statements that you receive directly from your account's custodian. Please contact us with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from your custodian on at least a quarterly basis."

Item 16 - Investment Discretion

Private Harbour normally has the authority to buy and sell securities on a discretionary basis. For some clients Private Harbour works on an advisory basis. A limitation, if any, is usually on the total amount of securities to be bought or sold equal to the amount of cash that the client has in any money market fund waiting purchase of such securities and further by a "normal-sized" position based on the client's portfolio size.

Private Harbour in most cases receives discretionary authority from the client at the outset of the advisory relationship when they sign a discretionary agreement with our firm to select the identity and amount of securities to be bought or sold.

Clients may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account.

When selecting securities and determining amounts, Private Harbour observes the investment policy limitations and restrictions of the clients for which it advises.

Item 17 - Voting Client Securities

Private Harbour will accept authority to vote client proxies. Our authority to vote the proxies of our clients is established by our investment management agreements, unless the voting right has been reserved by the client, plan trustees or other plan fiduciaries.

You

may contact us at 216-292-5700 if you want to direct the vote of a specific proposal for your account. Your request will only apply to your account. If we determine your view is in conflict with other clients' best interest, the remaining clients will be voted in their best interest. You may contact us at 216-292-5700 to obtain a copy of our proxy voting record. Private Harbour's Proxy Voting Policy follows:

Proxy Voting: Whether Private Harbour or the client votes proxies is at the client's determination. When voting proxies, Private Harbour's utmost concern is that all decisions be made solely in the best interest of the client. Private Harbour acts in a timely and diligent manner intended to increase the client's wealth. Records of the clients Private Harbour voted for and how Private Harbour voted are maintained. Annually clients receive a copy of the Proxy Voting Notice.

Responsibility: Private Harbour's Proxy Voting Compliance Officer is ultimately responsible for ensuring that all proxies received by Private Harbour are voted in a timely manner and in a manner consistent with Private Harbour's determination of our clients' best interest.

Voting Guidelines: Private Harbour follows general guidelines used in voting proposals contained in the proxy statements but these guidelines are not used as rigid rules. We apply these guidelines flexibly, keeping in mind the principles stated above, as well as our fiduciary responsibility to protect our clients' rights as shareholders. Should any arise, we resolve material conflicts between the advisor's interest and those of the client in the best interest of clients. Votes submitted on behalf of clients are not biased in any way by other clients. Proxy voting proposals are voted with regard to enhancing shareholder wealth and voting power.

Private Harbour votes in favor of routine proposals which do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals, proxies are normally voted with management.

Private Harbour generally votes against any management proposal that is not deemed to be in the shareholder's best interests. Proposals in this category include anti-takeover measures and providing cumulative voting rights.

You may obtain a separate copy of our Proxy Voting Policy upon request.

If you do not grant us proxy voting authority, then you will receive proxies and other solicitations directly from your custodian or a transfer agent. If you are voting your own proxies and have questions about any proposal, you may contact us at 216-292-5700 to discuss the proposal.

Item 18 - Financial Information

Registered investment advisors are required to provide you with certain financial information or disclosures about Private Harbour's financial condition. Private Harbour has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 - Requirements for State-Registered Advisers

Private Harbour is registered in Ohio, Florida and Texas. Information about Private Harbour has been provided in this Brochure.