

**PART 2A OF FORM ADV  
FIRM BROCHURE**

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This brochure provides information about the qualifications and business practices of Montgomery Asset Management, LLC. If you have any questions about the contents of this brochure, please contact Aubrey Lee Price, Managing Member, Kathryn Giardina, Chief Operating Officer, or David Willms, Chief Compliance Officer.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

We are registered as an Investment Adviser with the Georgia Division of Securities and Business Regulations. Nonetheless, registration with any state or federal regulatory division does not imply any level of skill or training. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the firm is 150586.

March 28, 2011

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## **Item 2. Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in October 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Please note the following material changes:

1. Montgomery Asset Management, LLC was formally known as PFG Asset Management, LLC. The name of the company was changed on January 25, 2011.
2. The Montgomery Fund, LLC was formally known as PFG, LLC. The Montgomery Fund invests 100% in equities. PFG, LLC is still operating and is a real estate fund. Montgomery Asset Management, LLC is not offering interests in PFG, LLC to its clients.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (941)383-3222 or by email at: [aprice@montgomeryam.com](mailto:aprice@montgomeryam.com) or [kgiardina@montgomeryam.com](mailto:kgiardina@montgomeryam.com).

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## **Item 4. Advisory Business**

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### **A. Firm Description**

Montgomery Asset Management, LLC (“MONTGOMERY ASSET” or the “Firm”) was founded in 2009. MONTGOMERY ASSET is an investment management firm that is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. MONTGOMERY ASSET’s current business activities consist of providing investment advisory services utilizing its proprietary trading strategy to three pooled investment vehicles structured as a limited liability companies, and individually managed accounts using the Fidelity Institutional Wealth Management Services Platform and offers model portfolio programs for individual investors.

#### **1. Principal Owners**

Aubrey Lee Price is the Managing Member and owns 75% or more of the Firm.

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### **B. Types of Advisory Services**

#### **➤ PORTFOLIO MANAGEMENT SERVICES**

MONTGOMERY ASSET provides discretionary and non-discretionary “fee based,” and Third Party portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of the Client. At the inception of the relationship, MONTGOMERY ASSET will conduct interviews with the Client to determine the Client’s investment objectives, risk tolerance and other relevant information, and may review and/or develop an Investment Strategy suitable for the client. Based on the Investment Policy Statement and/or other relevant information, MONTGOMERY ASSET will recommend an initial portfolio of securities to the Client. Once the portfolio is construed, MONTGOMERY ASSET will provide continuous supervision and balancing of the portfolio as changes in market conditions and Client circumstances may require.

As part of its portfolio management services, MONTGOMERY ASSET may use one or more sub-advisers to manage all, or a portion of, the Client’s assets. In such cases, the sub-adviser(s) will actively manage the client’s portfolio and will assume investment discretionary and trading authority over the managed account. MONTGOMERY ASSET may assume discretionary authority to hire and / or terminate sub adviser(s) or to reallocate the client’s assets to other sub-adviser(s).

Although MONTGOMERY ASSET will select sub-advisers that will invest client assets with the highest level of integrity and perform its due diligence

on its sub-advisers, MONTGOMERY ASSET will have no control over the day-to-day operations of any of its selected sub-advisers. MONTGOMERY ASSET's role will be to monitor the overall financial situation of its clients and to monitor the investment approach and performance of the sub-advisers.

➤ **ADVISORY SERVICES PROVIDED TO THE FUNDS**

MONTGOMERY ASSET provides investment advice to The Montgomery Fund, LLC, a Florida limited liability company (the "Fund"), which invests its assets in securities. MONTGOMERY ASSET also acts as General Partner to the Fund, and as General Partner is solely responsible for the management of the Fund. Investors in the Fund are limited partners (the "Limited Partners").

**MONTGOMERY ASSET provides investment advisory services to the Fund based on the investment objectives of the Fund.**

Investors in the Fund must generally be both "**accredited investors**" as defined in Regulation D under the Securities Act of 1933 and "**qualified clients**" as defined in Rule 205-3 under the Investment Advisers Act of 1940; provided however, that the Funds may accept up to thirty five (35) non-accredited "sophisticated investors" who have such knowledge and experience in financial matters to evaluate the merits and risks of an investment in the Funds.

Fund's investment objective is to achieve positive total returns with low volatility regardless of market conditions. Fund1 uses a global, long/short, multi-strategy investment approach that seeks to:

- Take advantage of market opportunities and seek absolute returns while managing risk;
- Attain a level of diversification with lower correlation to broader financial markets than similar investment alternatives;
- Achieve targeted rates of return utilizing a flexible investment approach (on the long and short sides of the markets); and
- Maintain liquidity in the investment portfolio.

MONTGOMERY ASSET uses a systematic process to evaluate the fundamental, technical and quantitative analysis of prospective investments. MONTGOMERY ASSET uses fundamental analysis to identify investments to be bought or sold. Technical analysis is used to determine the timing of buy and sell orders. Quantitative analysis affords an understanding of the reasons why to buy or sell. Although the MONTGOMERY ASSET's investment approach is value-oriented and research-driven, its investment philosophy is disciplined yet opportunistic in its approach to the financial markets. MONTGOMERY ASSET constantly seeks to identify both negative and positive catalysts that can create directional, trend and price movements.

The Montgomery Growth Fund is suitable for longer term investors who have at least a 5 year time horizon, can handle normal market (S&P 500) volatility, and whose risk tolerance is moderate to aggressive.

➤ **FINANCIAL PLANNING SERVICES**

MONTGOMERY ASSET offers broad-based financial planning services, which may include, but are not limited to, the following: wealth management planning, estate planning, retirement planning, business/succession planning, college and children's savings planning and insurance/risk management planning. Broad based financial planning services will typically involve providing a variety of services, principally advisory in nature, to Clients regarding the management of their financial resources based upon an analysis of their individual needs. An Investment Advisor Representative ("IAR") of MONTGOMERY ASSET may conduct a complimentary initial consultation; thereafter, if the Client decides to engage the Firm for financial planning services, an IAR of MONTGOMERY ASSET may conduct follow up meetings as necessary, during which pertinent information about the Client's financial circumstances and objectives are collected. Once the Client's information has been reviewed and analyzed, the Firm provides its Clients with a financial plan that is designed to achieve the Client's stated financial goals and objectives. Where Clients only require advice on a single aspect of the management of their financial resources, MONTGOMERY ASSET offers financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern.

Financial plans are based on the Client's financial situation at the time the plan is presented and are based on financial information disclosed by the Client to the Firm. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future results. MONTGOMERY ASSET does not offer any guarantees or promises that the Client's financial goals and objectives will be met. **As the Client's financial situation, goals, objectives, or needs change, the Client must notify the Firm promptly.**

MONTGOMERY ASSET charges either a fixed or hourly fee for financial planning services, which is negotiable based on the complexity and scope of the plan, the Client's financial situation, and the Client's objectives. The scope of these services, the fees, and the terms of the agreement for these services will be negotiated on a case-by-case basis with each Client. The typical fee ranges from \$150.00 to \$200.00 per hour.

## **C. Tailored Relationships**

### **PORTFOLIO MANAGEMENT SERVICES**

Subject to any written guidelines, which the Client may provide, MONTGOMERY ASSET may be granted discretion and authority to manage the account.

For discretionary accounts: MONTGOMERY ASSET is authorized to perform various functions, at the Client's expense, without further approval from the Client. Such functions include the determination of securities to be purchased/sold, the amount of securities to be purchased/sold.

For non-discretionary accounts: Where MONTGOMERY ASSET enters into non-discretionary arrangements with Clients, MONTGOMERY ASSET will obtain client approval prior to the execution of any transactions.

MONTGOMERY ASSET requires that a written Investment Advisory Agreement ("IA Agreement") be signed by the Client prior to the engagement of services. The IA Agreement outlines the services rendered by MONTGOMERY ASSET and the fees that the Client will be charged. The IA Agreement grants MONTGOMERY ASSET written authority to deduct fees from custodial accounts.

Clients are advised to promptly notify MONTGOMERY ASSET if there are any material changes in their financial situation, investment objectives, or in the event they wish to alter any restrictions upon investment management services.

### **ADVISORY SERVICES PROVIDED TO THE FUNDS**

MONTGOMERY ASSET provides investment advisory service to the Fund based on the investment objectives of the Fund. MONTGOMERY ASSET does not provide tailored investment advice to the Limited Partners in the Funds.

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## **D. Wrap Fee Program**

### **Fidelity Institutional Wealth Management Services:**

MONTGOMERY ASSET offers clients several model portfolios and a custom tailored portfolio:

**Fidelity Model Portfolios:** The goal is to help the client successfully manage their investments and reach their stated financial goals and objectives. On an on-going basis, MONTGOMERY ASSET's commitment is to monitor, evaluate, review and make adjustments to the portfolio as the investment and economic environment change, and as the investment goals, risk tolerance and objectives of the client change. Accounts are held at



Fidelity Investments. Each client receives a monthly Fidelity account statement and can view their account in real time via the Fidelity Investment website.

**Growth Portfolio:** The objective of the growth portfolio is to achieve long term capital appreciation. This portfolio uses various Exchange Traded Funds to help clients achieve diversification among what MONTGOMERY ASSET believes to be the best opportunities for growth in various sectors of the equity markets. This portfolio is designed for an individual or institution that is looking to take above average risk, and is able to tolerate S & P 500 index volatility.

**Income Portfolio:** The objective of the income portfolio is to achieve dividend income, interest income and moderate capital appreciation. This portfolio uses various Exchange Traded Funds (ETFs), Treasury Bonds, Corporate Bonds, Preferred Stocks and dividend producing stocks to give investors a steady stream of income payments. This portfolio is designed for a client with below average market volatility risk, but who is able to tolerate some fluctuation in month to month portfolio values.

**Custom Tailored Portfolios:** MONTGOMERY ASSET works with clients to put together the right portfolio of stocks, bonds, mutual funds, exchange traded funds, options and other securities that fit the client's goals, risk tolerance and special investment objectives. These portfolios are non-discretionary and require consistent interaction and communication with the client.

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**E. Client Assets**

As of February 1, 2011, MONTGOMERY ASSET manages approximately \$61,300,000 in assets for approximately 361 clients. Approximately \$48,300,000 is managed on a discretionary basis, and \$13,000,000 is managed on a non-discretionary basis.

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## **Item 5. Fees and Compensation**

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**A. Description**

**Portfolio Management Services**

The annual fee for portfolio management services is billed quarterly, in arrears and based on the value of the assets under management on the last business day of the previous quarter or at the end of the quarter, as applicable.

The fee and fee-paying arrangements will be clearly set forth in the Investment Advisory Agreement, fully disclosed, agreed upon and signed by the client. Fees will be assessed pro rata in the event the portfolio

management agreement is executed at any time other than the first day of the calendar quarter.

**Fee Schedule for Fidelity Institutional Wealth Services Portfolio Program:**

<b>Account Value Fee</b>	<b>Annual Rate</b>
\$30,000 - \$249,999	2.50%
\$250,000 - \$499,999	2.00%
\$500,000 - \$999,999	1.25%
\$1,000,000 and \$4,999,000	1.00%
\$5,000,000 and up	0.70%

The Fee is applied to the account value as determined by MONTGOMERY ASSET each calendar quarter, on a prorated quarterly basis. The account value is determined at the end of each calendar quarter and includes the market value of all assets in the program account, including securities, cash and money market balances, less any margin or other debit balances. In the event that a client opens a program account at a time other than the beginning of a calendar quarter, the fee will be pro-rated for the number of days remaining in the quarter following the opening date of the account. Clients generally authorize, by written agreement, the automatic deduction of the fee from their program account. The fee schedule is not applied incrementally. Clients pay the rate of the fee that corresponds to the range of values in which their account value falls within the fee schedule. The corresponding rate is applied to the entire account value in the determination of the fee. The minimum accounts size for the Fidelity Institutional Wealth Services Portfolio Program is \$30,000 for retirement accounts and non-retirement accounts. Any unearned fee will be promptly be refunded to the Client.

**The Montgomery Fund, LLC (the “Fund”)**

**Fee Schedule for Fund**

The Montgomery Fund is suitable for longer term investors who have at least a five (5) year time horizon, can handle normal market (S&P 500) volatility, and whose risk tolerance is moderate to aggressive. The Fund receives compensation in the form of a management fee (the “Management Fee”) and a performance allocation (the “Performance Allocation”), to be paid as follows:

## **I. Management Fees**

The Management Fee is paid quarterly in arrears to MONTGOMERY ASSET. The Management Fee is equal to 0.2% (a 0.8% annual rate) of the quarter-end capital account value of each limited partner, prior to any withdrawals or distributions.

## **II. Performance Allocation**

*MONTGOMERY ASSET shall receive a performance profit allocation ("Performance Allocation"), in an amount equal to ten to twenty percent (10%-20%) of each Partner's share of the Fund's Net Profit during each quarter, provided, however, that such Performance Allocation shall be subject to a loss carry-forward provision, also known as a "High Water Mark," so that no Performance Allocation will be deducted from any Partner's Capital Account until prior losses allocated to such Partner have been recouped. Performance Allocations may be made at any time, in the sole discretion of MONTGOMERY ASSET, for a Partner who makes a partial or complete withdrawal.*

These fees are negotiable.

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## **B. Billing**

### **Portfolio Management Services**

On an annualized basis, MONTGOMERY ASSET fees for ongoing portfolio management services, subject to negotiation, range from .70% to 2.5%.

The payment of fees for portfolio management services will be either invoiced or debited from the client's account as agreed to by the client. Portfolio management fees that are debited are paid by the qualified custodian (Fidelity Institutional Wealth Services or Goldman Sachs) holding the client's funds and securities. The client will provide written authorization permitting the fees to be paid directly from the account.

MONTGOMERY ASSET may allow accounts of members of the same household to be aggregated for purposes of meeting the minimum account size or fee breakpoints. MONTGOMERY ASSET may allow such aggregation, for example, where the Firm Services accounts on behalf of children of current clients, individual and joint accounts for a spouse, and other types of related accounts.

### **The Montgomery Fund, LLC (the "Fund")**

Please refer to Section 5.A. above.

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### **C. Other Fees.**

MONTGOMERY ASSET does not represent, warrant, or imply that the services or methods of analysis employed by MONTGOMERY ASSET can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. Advice offered by MONTGOMERY ASSET may involve investments in various securities including ETFs, mutual Funds, individual equities, and individual bonds.

Clients are hereby advised that all fees paid to MONTGOMERY ASSET for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. MONTGOMERY ASSET does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, ETFs and others to fully understand the total amount of fees to be paid by the client.

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### **D. Pre-Payment (Termination Policy)**

The client may terminate the portfolio management agreement at any point without penalty. The management fee will be pro-rated for the quarter in which the cancellation notice was given. Any unearned fee will promptly be refunded to the client.

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### **E. Other Compensation**

The Firm does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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## **Item 6. Performance-Based Fees**

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MONTGOMERY ASSET shall receive a performance profit allocation ("Performance Allocation") for the Fund only. The Performance Allocation is in an amount equal to ten to twenty percent (10%-20%) of each Partner's share of Fund's Net Profits during each quarter; provided, however, that such Performance Allocation shall be subject to a loss carry-forward provision, also known as a "High Water Mark," so that no Performance Allocation will be deducted from any Partner's Capital Account until prior losses allocated to such Partner have been recouped. Performance Allocations may be made at any time,

in the sole discretion of MONTGOMERY ASSET, for a Partner who makes a partial or complete withdrawal. These fees are negotiable.

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## **Item 7. Types of Clients**

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### **For Fidelity Model Portfolios & Custom Accounts:**

Generally, each client must represent and warrant that either (a) the value of the client's account initially is at least \$100,000 or (b) the client's net worth, which may include assets jointly with a spouse, is more than \$500,000.00. However, MONTGOMERY ASSET may accept clients with smaller accounts and/or lower net worth.

### **The Montgomery Fund, LLC (the "Fund")**

MONTGOMERY ASSET requires Limited Partners in the two Funds to commit \$250,000 as a minimum initial investment. Limited Partners must be an "accredited investor" under Regulation D promulgated under Securities Act of 1933, and recent changes as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"). For individuals, such changes may include, for example, a limited partner's net worth must be above \$1,000,000 (excluding the primary residence of the natural person), or an expectation that income for the next twelve months must total \$200,000 or more, or an expectation that the limited combined income with his or her spouse may total \$300,000 or more in the next twelve months. The Funds may also have a limited number of sophisticated investors in which case the minimum initial investment can be negotiable. Investors in the Funds must generally be both "accredited investors" as defined in Regulation D under the Securities Act of 1933 and "qualified clients" as defined in Rule 205-3 under the Investment Advisors Act of 1940; provided however, that the Funds may accept up to thirty five (35) non-accredited "sophisticated investors" who have such knowledge and experience in financial matters to evaluate the merits and risks of an investment in the Funds.

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

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### **A. Methods of Analysis**

MONTGOMERY ASSET employs a variety of investment strategies customized to each client's time horizon, lifestyle, suitability and investment objectives. Such strategies may vary from client to client depending upon individual client circumstances and desired objectives.

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## **B. Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

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## **C. Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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## **Item 9. Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **A. Financial Industry Activities**

MONTGOMERY ASSET is not registered as a broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

### **B. Financial Industry Affiliations**

None of MONTGOMERY ASSET's management person is a registered representative of a broker-dealer, or an associated person of a futures commission merchant, commodity pool operator or commodity trading advisor.

### **C. Affiliations**

MONTGOMERY ASSET is affiliated with PFG, LLC through common ownership, by nature of Mr. Price's majority ownership of both entities. PFG, LLC operates as a real estate fund. Montgomery Asset Management, LLC is not offering interests in PFG, LLC to its clients.

MONTGOMERY ASSETT does not have any other arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

### **D. Other Investment Advisers**

MONTGOMERY ASSET does provide access to third party investment managers for its clients, however, the Firm does not receive compensation from those advisers, nor does the Firm have a business relationship with those advisers that creates a material conflict of interest.

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

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### **A. Description of Code of Ethics**

All MONTGOMERY ASSET personnel must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, MONTGOMERY ASSET has determined to adopt a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by MONTGOMERY ASSET personnel. MONTGOMERY ASSET's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of its Code of Ethics to any client or prospective client upon request. It is also available on the MONTGOMERY ASSET's website.

**Code of Ethics:** Ethical conduct is important to us in all our business and personal actions. Working at MONTGOMERY ASSET requires that all employees strive for excellence and the highest standards of moral and ethical conduct.

Objectivity: We strive to be as unbiased and objective as possible in providing advice to clients and practice on a fee-only basis.

Confidentiality: We will keep all client data private unless authorization is received from the client to share it. We will treat all documents with care and take care when disposing of them. All information regarding clients shall be kept private and confidential.

Competence: We will strive to maintain a high level of knowledge and ability. Our employees will pursue continuing education, at the very least, at the minimum level required by our regulatory organizations. Advisors will not provide advice in areas where we are not capable. We think it is important to always grow in the knowledge and understanding of each practice areas.

Fairness & Suitability: All dealings and recommendation with clients will always be in the client's best interests, will be fair and honest and suitable for each client.

Integrity & Honesty: We will endeavor to always speak the truth and to be ever mindful of the potential for misunderstanding that can accrue in normal human interactions. We will be diligent to keep actions and reactions transparent and quickly correct and/or address mistakes that we might make. In all actions, we will be mindful that in addition to serving our clients, we are



about the business of building a good name, and our actions and attitudes should reflect this.

**Regulatory Compliance:** We will strive to maintain conformity with all legal regulations.

**Full Disclosure:** We will fully describe methods of compensation and potential conflicts of interest to clients and also specify the total cost of investments.

**Professionalism:** We will conduct ourselves in a way that exemplifies integrity, honest treatment of clients, and treating all people with respect and dignity. We will work extraordinarily hard and smart to do the very best we can to help our clients be successful in their investments and in life.

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## **B. Participation or Interest in Client Transactions**

MONTGOMERY ASSET recommends to investment advisory clients or prospective investment advisory clients the purchase or sale of the private investment funds. MONTGOMERY ASSET earns both a management fee and a performance-based incentive fee on the private investment funds. Each client will be advised of such potential conflict of interest.

MONTGOMERY ASSET or a related person may from time to time purchase for its own account securities recommended by MONTGOMERY ASSET for the purchase and/or sale by separately managed account clients or by the Funds. However, any purchase or sale of a security by MONTGOMERY ASSET or a related person will be subject to MONTGOMERY ASSET LLC's fiduciary duty to its separately managed account clients and the Funds. MONTGOMERY ASSET and its employees have a fiduciary duty to place the interests of its clients ahead of its own interests. MONTGOMERY ASSET does advise potential limited partners to purchase interests in the Funds. Records of all security transactions by MONTGOMERY ASSET and related persons will be maintained at MONTGOMERY ASSET's office and are available for inspection by all clients and all Limited Partners of the Funds.

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## **C. Personal Trading**

**Objective:** Monitor and control the personal trading of employees in order to:

1. Ensure maximum transparency.
2. Comply with the regulations of the different regulators;
3. Ensure equitable treatment of funds and managed accounts;
4. Ensure that the clients' interest always come first;
5. Avoid insider trading offences and tips; front running and
6. Enforce internal policies.

**Standards of Conduct:**

1. **Transparency:** Any personnel trading in securities shall inform the Chief Compliance Officer of such trading.
2. **Duty of Compliance:** Every employee has a duty to comply with all of the laws and rules applicable to his professional activities, particularly the securities legislation and the laws governing all the self-regulatory organizations with which the employee is registered.
3. **Criterion of Diligence:** Every employee has the legal obligation to act in good faith regarding and in the interest of the funds and managed accounts of MONTGOMERY ASSET and to apply the care, diligence and skill that can be expected of a reasonably prudent person placed in the circumstances.
4. **Duty of Irreproachable Conduct:** Every employee shall avoid any situation in which his personal interests conflict with his obligations as an employee of MONTGOMERY ASSET, and in the event that conflict of interest exists or may arise, the employee shall inform the Chief Compliance Officer and provide the latter with all the necessary information.
5. **Integrity of the financial markets:** Every employee shall ensure the integrity and efficiency of the markets by favoring parity of information, which allows the stakeholders to make informed decisions based on the availability and reliability of information.
6. **Observance of Internal Rules:** Every employee has the duty to observe the various internal policies of MONTGOMERY ASSET established to ensure a high level of ethics in the normal course of his activities and to comply with the various legislation and rules.

**Prohibited Activities:** The following activities are prohibited:

1. Disclosing non-public information concerning a fund, a managed account or a their trading to anyone outside MONTGOMERY ASSET;
2. Causing a fund to commit or not commit an act because of his personal interest;
3. Using his knowledge in the portfolio trading of a fund or of any managed account to benefit from the effect of his trading on the market (front running, etc.);
4. Using or acting on any insider information;
5. Using or acting on or with others in any type of illegal trading scheme;
6. Using his position with MONTGOMERY ASSET to obtain special treatment or investment opportunities not generally offered to the funds or to the public;
7. Using derivatives on securities covered by a cease trade order, with the aim of evading the restrictions imposed by this policy.

Every employee has the responsibility to avoid any other trading that is not enumerated above, but which may place him in a conflict of interest. In case of uncertainty, it is preferable to refer to the Chief Compliance Officer.

**Accounts Subject To This Policy:**

Every employee of MONTGOMERY ASSET shall comply with this Policy for the following accounts:

1. Accounts opened in his/her name.
2. Accounts for which he may, directly or indirectly, make investment decisions;
3. Accounts in which he has a beneficial interest, meaning that his likely to receive benefits comparable to those resulting from ownership (by family relationship, agreement, contract or any other arrangement) or of which he has the possibility of obtaining ownership, immediately or in the future. This would include accounts opened in the employee name, an account of a spouse or any other family member living under the same roof; account of a business or partnership or an entity for which he participates in the investment or voting decisions; an account in trust for him or for one of the aforementioned persons; an account for an investment club for which he participates in investment decisions.

The foregoing examples are not exhaustive and every employee who believes he has a beneficial interest in an account must contact the Chief Compliance Officer.

**Disclosure of Personal Trading:** Every employee of MONTGOMERY ASSET shall provide the following information when he is in possession of an account covered by the policy:

1. Initial status of the portfolio.
2. Personal Trading Pre-approval Form.
3. Notice of execution of all trades to the Chief Compliance Officer.
4. Copy of all activity/statements to the Chief Compliance Officer.
5. Annual Attestation of compliance with the Chief Compliance Officer.

**Monitoring of Compliance:**

1. Control of disclosed trades.
2. Confidential treatment of information
3. Implementation of this Policy is the responsibility of the Chief Compliance Officer.

Breach of this policy requires the Chief Compliance Officer to report to the superior officer and disciplinary action will be taken including review and modification of professional responsibilities, including demotion; verbal or

written reprimand; restitution of any profit realized on the trades; suspension of personal trading privileges; suspension from work with or without pay and/or dismissal.

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## **Item 12. Brokerage Practices**

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### **A. Selection and Recommendation**

MONTGOMERY ASSET will have complete discretion regarding the selection of brokers for the Fund and the amount of brokerage commissions and fees paid to such brokers. This determination may be based upon, (including, but not limited to), the following factors where the best execution (price) is likely to be obtained; a brokerage firm's research and investment ideas that directly impact the Funds' portfolios; a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); and the operational aspects of the brokerage firms' back office (will the Funds receive payment of securities on a timely basis) and custodian or other administrative services. Brokerage fees paid by the Funds to their brokers will vary and may be greater than those typical for other investment funds.

MONTGOMERY ASSET endeavors to suggest those brokers or dealers which will provide the best range of services at the lowest rates possible. If MONTGOMERY ASSET has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees we reserve the right to utilize their services.

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#### **1. Soft Dollars**

MONTGOMERY ASSET may generate "soft dollars" with respect to the Funds' trades, if it does, MONTGOMERY ASSET intends to comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, one or more of the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Funds, MONTGOMERY ASSET, or one or more of its affiliates in consideration of allocation to the broker-firm securities transactions (with resulting commission income) made on behalf of the Funds on both an agency and net basis. Although these soft dollar arrangements may benefit the Funds and MONTGOMERY ASSET by reducing its expenses, the amount of the Management Fees payable to MONTGOMERY ASSET will not be reduced. MONTGOMERY ASSET believes, however, that to the extent it makes allocations to brokerage business with soft dollar arrangements, these would generally enhance the Funds' ability to obtain research, optimal execution and other benefits to the Funds.

## 2. Brokerage for Client Referrals

When selecting or recommending broker-dealers to clients, the Firm does not consider whether it receives client referrals from a broker-dealer or third party.

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## 3. Directed Brokerage

MONTGOMERY ASSET does not allow clients to choose any other broker for custody and trading of their accounts. The arrangement that MONTGOMERY ASSET has with its brokers is designed to maximize efficiency and to be cost effective.

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# Item 13. Review of Accounts

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### **ACCOUNT REVIEWS:**

#### **For Fidelity Model Portfolios & Custom Accounts:**

It is MONTGOMERY ASSET's policy that all investment adviser representatives will act in the best interest of their clients. To this end, all reviews should also be made in the client's best interest. All accounts must be monitored by the investment adviser representative assigned to the account either on an on-going or periodic basis as agreed upon with the client. Monthly oral progress reports are recommended. Annual written performance reports are also recommended. A client may request an oral or written report at any time. Additionally, all accounts will be monitored under current FINRA/SEC Broker-Dealer guidelines. All initial investment advisory account forms must be approved by a Principal of the Firm. All FINRA suitability standards must be met before an investment can be made. A compliance officer must verify investment advisory account information and approve any recommended advice before an account can be opened.

#### **For the Fund:**

MONTGOMERY ASSET reviews the Fund's investment programs, including current holdings on a daily or continual basis. MONTGOMERY ASSET reviews the Fund's investment programs to analyze rates of return, allocation of assets and to verify that the Fund's portfolios are consistent with their investment objective.

### **REPORTS TO CLIENTS:**

#### **For Fidelity Model Portfolios & Custom Accounts:**

Clients will receive monthly and/or quarterly reports from the custodian (Fidelity Institutional Wealth Management Services or Goldman Sachs) holding their funds and securities. They are also able to view their accounts online at anytime.

Confirmations and activity on the account is electronically sent anytime activity is generated in the client's account. This information is sent same day and is available for review online at any time.

**For the Fund:**

Limited Partners in the Fund receive monthly unaudited reports from Nottingham Fund Administration reviewing the Fund's investment activities, beginning balances, and monthly performance. Audited financial statements are provided to Limited partners annually soon as practical following the conclusion of the Funds' audit. Additionally, the Fund is subject to an annual audit by an accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). The audited financial statements are distributed to Limited Partners within 120 days of the end of the Fund's fiscal year.

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

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The Firm does not receive an economic benefit (such as sales awards or other prizes) for providing investment advice or other advisory services to its clients.

The Firm nor any of its related persons does not compensate directly or indirectly any person who is not a supervised person for client referrals.

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## **Item 15. Custody**

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MONTGOMERY ASSET does not have direct custody of any client funds or securities.

**For Fidelity Model Portfolios & Custom Accounts:**

MONTGOMERY ASSET at no time shall have custody of the client's funds or securities for its separate accounts, as the services of an independent qualified custodian (Fidelity Institutional Wealth Management) will be used for these asset management services. MONTGOMERY ASSET does not represent, warrant, or imply that the services or methods of analysis used by MONTGOMERY ASSET can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market conditions.

As part of its portfolio management services, MONTGOMERY ASSET may use one or more sub-advisers to manage all, or a portion of, the client's assets. In such cases, the sub-adviser (s) will actively manage the client's portfolio and will assume investment discretionary and trading authority over the managed account. MONTGOMERY ASSET may assume discretionary authority to hire and/or terminate sub adviser(s) or to reallocate the client's assets to other sub-adviser(s).

Clients will receive statements from the qualified custodian.

**For the Fund:**

MONTGOMERY ASSET has custody of client assets because it has the ability to deduct fees payable to it, and has general Power of Attorney over the Fund's account. MONTGOMERY ASSET as General Partner of the fund, has custody of funds assets. The physical assets of the Fund are held in an account with Goldman Sachs, who is the prime broker and qualified custodian of the Fund's portfolio assets. Goldman Sachs will deliver transaction reports to MONTGOMERY ASSET. With regard to these reports, MONTGOMERY ASSET is not required to provide information about specific investment transactions of the Fund. On a monthly basis, MONTGOMERY ASSET will provide Limited Partners with unaudited performance reports and other pertinent information regarding the Fund's performance. Additionally, the Fund is subject to an annual audit by an accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). The audited financial statements are distributed to Limited Partners within 120 days of the end of the Fund's fiscal year.

**NOTE TO CLIENTS: Clients carefully should review the statements received from the custodian and are urged to compare those statements with any statements that are sent to you by MONTGOMERY ASSET.**

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## **Item 16. Investment or Brokerage Discretion**

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**For Fidelity Model Portfolios & Custom Accounts:**

MONTGOMERY ASSET provides discretionary portfolio management services with respect to separately managed account clients. MONTGOMERY ASSET and these clients will determine the level of discretion granted to the Firm prior to engaging into any Agreement. Generally, however, clients will grant MONTGOMERY ASSET complete discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold.

MONTGOMERY ASSET has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold. Notwithstanding the foregoing, all discretionary trades made by MONTGOMERY ASSET on behalf of a client will be in accordance with that client's articulated investment objectives and goals, and as such, may be subject to various limitations.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you approved in writing.

**For the Fund:**

MONTGOMERY ASSET is not limited in its authority to purchase securities for the Fund. MONTGOMERY ASSET has full discretion and authority to make all investment decisions with respect to the types and/or the amount of securities to be bought or sold for the model portfolios as described in each model's investment objectives. MONTGOMERY ASSET is not limited in its authority to purchase securities for the Funds. MONTGOMERY ASSET has full discretion and authority to make decisions as to the brokers/dealers that the Fund will use, and the commission rates paid to such brokers/dealers. This includes the selection of brokers for the Fund and the amount of brokerage commissions and fees paid to such brokers, and this determination will be based upon four factors: (1) where the best execution (price) is likely to be obtained; (2) a brokerage firm's research and investment ideas that directly impact the Fund's portfolios; (3) a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); and (4) the operational aspects of brokerage firms' back office (will the Fund receive payment of securities on a timely basis) and custodian or other administrative services. Brokerage fees paid by the Fund to its brokers will vary and may be greater than those typical for other investment funds. If MONTGOMERY ASSET has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees we reserve the right to utilize their services. Consistent with the foregoing, MONTGOMERY ASSET may generate "soft dollars" from brokerage transactions to be used for "brokerage" or "research" services pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

MONTGOMERY ASSET uses Fidelity Institutional Wealth Management Services and their product platform as the primary broker/dealer for individual and "fee based" clients. The Fund uses Nottingham Fund Administration to provide custody services, administration services, trustee and audit services for The Montgomery Fund.

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**Item 17. Voting Client Securities**

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**Proxy Votes**

In certain circumstances, and in accordance with the Client's specific advisory agreement, MONTGOMERY ASSET shall vote proxies related to securities held by any Client in a manner that is in the best interest of the Client. MONTGOMERY ASSET shall consider only those factors that relate to the Client's investment(s) or that are established by the Client's written instructions. Such factors may include, but are not limited to, how its vote will economically impact and affect the value of the Client's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, not voting at all on a presented



proposal may be in the best interests of the Client). Proxy votes generally will be cast in accordance with the following principals:

- Votes will at all times be directed toward maximizing the value of the Client's investment as an owner;
- MONTGOMERY ASSET generally votes against any proposal that is likely to dilute the value of an issuer's common stock. Examples of such items would be restrictions against cumulative voting, establishment of different classes of stock, or any activity that could be viewed as a "poison pill" maneuver.
- On other matters specific to a company, such as election of directors, appointment of auditors, granting and re-pricing of options, mergers and other material issues, a decision shall be made in conjunction with the primary analyst responsible for evaluating that company, consistent with the policy of maximizing value.

MONTGOMERY ASSET evaluates company management before deciding to own a security and gives weight to management recommendations on material issues with the goal of maximizing shareholder value over the long term. In voting on each and every issue, MONTGOMERY ASSET and its employees shall vote in a prudent and timely fashion and only after a careful evaluation of this issue(s) presented on the ballot. In exercising its voting discretion, MONTGOMERY ASSET and its employees shall seek to avoid any direct or indirect conflict of interest raised by such voting decision. If the Chief Compliance Officer believes that there is any potential material conflict of interest for the Firm on a particular proxy vote, it is to be turned over to the Investment Oversight Committee for the voting decision.

Consistent with Rule 206(4)-6 of the Advisers Act, MONTGOMERY ASSET will retain certain records required by applicable law in connection with its proxy voting activities for Clients and shall provide proxy-voting information to clients upon their written or oral request. A copy of MONTGOMERY ASSET's proxy voting policies and procedures is available to clients upon request.

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### Class Action Lawsuits

From time to time, securities held in client accounts will be the subject of class action lawsuits. MONTGOMERY ASSET has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, MONTGOMERY ASSET has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients.

Where MONTGOMERY ASSET receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a client, Proponent will forward all notices, proof of claim forms and other materials, to

the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

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## **Item 18. Financial Information**

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### **Financial Condition**

MONTGOMERY ASSET does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because MONTGOMERY ASSET does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, six months or more in advance.

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

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## **PRIVACY POLICY**

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Current regulations require financial institutions to provide their investors with an initial and annual privacy notice describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our investors.

We do not disclose nonpublic personal information about our investors or former investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the advisor, fund administrator, accountants or auditors. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.

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## **Anti-Money Laundering**

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Employees have responsibility to ensure that the financial system is not used as a channel for criminal activity. Investment Advisors need to make all reasonable efforts in determining the true identity of all customers requesting to do business with MONTGOMERY ASSET, and to truly know our customers.

Minimum Responsibilities include:

- Establishing true identity by requesting proper identification
- Verifying source of wealth
- Understanding the normal and expected level of activity
- Knowing the source of funds

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## **ANTI-MONEY LAUNDERING STATEMENT**

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Anti-Money Laundering Laws: To help the government fight the funding of terrorism and money laundering activities, Federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. KYC stands for know your customer, and it is our duty to exercise this due diligence process. A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certified articles of incorporation, partnership or trust agreement.

US Department of the Treasury, Securities and Exchange Commission, and FINRA rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance. If your identity cannot be established, our Firm will not be able to open an account or carry out transactions for you.