

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

**Montgomery Asset Management, LLC  
2975 Bee Ridge Road, Suite A  
Sarasota, Florida 34239  
941-383-3222**

**[giardinakathryn@gmail.com](mailto:giardinakathryn@gmail.com)  
[jzegalia@gmail.com](mailto:jzegalia@gmail.com)**

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 Kathryn Giardina, Managing Member & Chief Operating Officer, or Justin Zegalia, 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.

November 14, 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 has been closed.
3. Aubrey Lee Price is no longer affiliated with the Firm. The Principals of the Firm are Kathryn Giardina and Justin Zegalia.

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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: [giardinakathryn@gmail.com](mailto:giardinakathryn@gmail.com) or [jzegalia@gmail.com](mailto:jzegalia@gmail.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 individually managed accounts using the Fidelity Institutional Wealth Management Services Platform, and offers model portfolio programs for individual investors.

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

Kathryn Giardina and Justin Zegalia are the Managing Members and owners of the firm.

### **B. Types of Advisory 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.

## C. Tailored Relationships

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.

## 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.

#### **E. Client Assets**

As of October 1, 2011, MONTGOMERY ASSET manages approximately \$14,404,104.00 in assets for approximately 469 clients. Approximately \$5,250,088.00 is managed on a discretionary basis, and \$9,154,016.00 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.

<b>Fee Schedule for Fidelity Institutional Wealth Services Portfolio Program:</b>
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Account Value Fee	Annual Rate
\$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.

## **B. Billing**

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.

## **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.

#### **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.

#### **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 does not charge performance-based fees and does not conduct side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in Item 5 above, and are not charged on the basis of a share of capital gains or capital appreciation.

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

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MONTGOMERY ASSET provides discretionary and non-discretionary asset management services to different types of clients. We generally provide advice to individuals, high net worth individuals and pension and profit sharing plans.

#### **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.

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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.

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.

### **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.

### **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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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 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 create 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.

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

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. 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. MONTGOMERY ASSET and its employees have a fiduciary duty to place the interests of its clients ahead of its own interests. 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.

## **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.

#### 1. Soft Dollars

MONTGOMERY ASSET does not generate "soft dollars" with respect to trades.

If and when it does, MONTGOMERY ASSET intends to comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended, and will update and amend its Form ADV and this Brochure as is required.

#### 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.

#### 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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### **A. Periodic Reviews**

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.

### **B. Intermittent Review Factors**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in the Client's financial status (such as retirement, termination of employment, relocation, or inheritance).

Clients are advised to notify MONTGOMERY ASSET promptly if there are any materials changes in their financial situation, investment objectives, or in the event they wish to place restrictions placed on their account.

### **C. Client Reports**

Clients will receive monthly and/or quarterly reports from the custodian 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.

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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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### **A. Custodian of Assets**

MONTGOMERY ASSET does not have custody of any client funds or securities. Clients' funds and securities are held by the account's custodian. The services of an independent qualified custodian will be used for these asset management services.

### **B. Account Statements**

Clients will receive statements from the qualified custodian.

**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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### **A. Discretionary Authority**

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.

MONTGOMERY ASSET uses Fidelity Institutional Wealth Management Services and their product platform as the primary broker/dealer for individual and "fee based" clients. Roosevelt Equities is the servicing broker/dealer for the annuity business.

### **B. 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 uses Fidelity Institutional Wealth Management Services and their product platform as the primary broker/dealer for the non-discretionary accounts.

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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.

### ***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 Condition**

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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.