

# Humonica Asset Management, LLC

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*This disclosure brochure provides clients with information about the qualifications and business practices of Humonica Asset Management, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Humonica Asset Management, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Humonica Asset Management, LLC. Please contact Josh Tarasoff, Chief Compliance Officer of Humonica Asset Management, LLC, at 914-833-0875 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Humonica Asset Management, LLC or any individual providing investment advisory services on behalf of Humonica Asset Management, LLC possess a certain level of skill or training. Additional information about Humonica Asset Management, LLC is available on the Internet 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 Humonica Asset Management, LLC is 150767.*

HUMONICA ASSET MANAGEMENT, LLC  
DISCLOSURE BROCHURE

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## **ADVISORY BUSINESS**

### **Company**

Humonica Asset Management, LLC is a privately-held Delaware limited liability company that has been providing investment advisory services as an SEC-registered investment adviser since July, 2009. Throughout this disclosure brochure Humonica Asset Management, LLC is referred to as "Humonica."

The principal owner of Humonica is Lawrence J. Goldstein.

### **Services**

Humonica provides investment management services. Through personal discussions, during which goals and objectives based on a client's particular circumstances are established, Humonica and the client agree on guidelines that quantify the client's risk profile. Thereafter, Humonica creates and manages a customized portfolio based on that profile, allocating the client's assets among various investments while taking into consideration the client's risk tolerance.

Humonica will create a portfolio consisting of one or all of the following: individual equities, bonds, ETFs, no-load and load-waived mutual funds, government securities, options and other investment vehicles.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. Investment management services will be provided on a discretionary basis, wherein the client gives Humonica full authority to manage the client's assets in accordance with what Humonica deems to be in the client's best interest.

### **Assets Under Management**

As of December 31, 2010, the total amount of client assets managed by Humonica is approximately \$16,000,000. All assets are managed on a discretionary basis.

## **FEES AND COMPENSATION**

The annual fee for the investment management services is charged as a percentage of assets under management and will not exceed 1.5% of the value of the portfolio. Details of the investment advisory fee charged are more fully described in the advisory agreement entered into with each client.

Clients will be billed in arrears at the end of each calendar quarter based upon the market value of the assets in the client's account at the end of that quarter. Market value will be determined by the account custodian. In the event that the account custodian cannot provide a market value for an asset, Humonica will determine a fair market value for that asset.

Any account opened during a calendar quarter will have the advisory fee pro-rated for the period based upon quarter-end value of the account. Any account closed during a calendar quarter will have the advisory fee pro-rated for the period based upon the value of the account as of the last day that Humonica has discretionary authority.

At the option of the client, fees may be paid directly by the client or Humonica can bill the custodian so the fee is paid directly from the client's account. Details of the investment management fee charged are more fully described in the advisory agreement entered into with each client.

### **Important Additional Fee Information**

#### Fee Only

Humonica is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment product).

#### Fees Negotiable

Humonica retains the right to modify fees on a client-by-client basis based on the size, complexity and nature of the advisory services provided.

#### Direct Debiting of Client Accounts

In order for Humonica's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting Humonica to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to Humonica. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

#### Deposits/Withdrawal Information

Assets deposited by a client into a client's account during the quarter will not result in additional management fees being billed to the client unless such deposits exceed \$25,000. Such deposits of this amount or greater, in most cases, will require modification and adjustments to a client's investment allocation; provided, however, that any such modification is at Humonica's sole discretion. Accordingly, a pro-rata fee based upon the number of days remaining in the current quarterly period may be assessed to the client for deposits exceeding \$25,000.

No fee adjustment will be made by Humonica for partial withdrawals within a billing period regardless of the amount of the withdrawal.

### Termination of Client Relationship

A client has the right to terminate the investment management agreement without penalty within five (5) business days after entering into such agreement.

In addition, the investment management agreement may be canceled at any time, by either party, for any reason upon thirty (30) days' prior written notice. This will permit Humonica sufficient time to finalize transactions, if necessary, and enables the delivery of final statements and release of documents. If an account is terminated during a calendar month, fees will be adjusted pro rata based upon the number of days in the calendar month that the agreement was effective.

Clients may obtain their refund in one of two ways – either by having the refund transferred directly into their account or by check.

### Mutual Fund Fees

All fees paid to Humonica for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Humonica. In that case, the client would not receive the services provided by Humonica which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by Humonica to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### Trading and Other Costs

All fees paid to Humonica for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 9 of this disclosure brochure for additional information on brokerage and other transaction costs.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Humonica does not accept performance-based fees (*e.g.*, fees based on a share of capital gains on or capital appreciated of the assets in a client's account).

## **TYPES OF CLIENTS**

Humonica provides investment advisory services to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

### **Engaging the Services of Humonica**

All clients wishing to engage Humonica for investment advisory services must sign an investment management agreement that governs the relationship with Humonica. The investment management agreement describes the services and responsibilities of Humonica to the client. It also outlines Humonica's fee in detail.

In addition to completing Humonica's internal documents (e.g., investment management agreement), clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, Humonica will be considered engaged by the client. A client has an ongoing responsibility for ensuring that Humonica is informed in a timely manner of changes in the client's investment objectives and risk tolerance.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds, options and various limited partnerships investing in real estate and oil and gas. In addition, Humonica will, from time to time, recommend investments in alternative investments (e.g., hedge funds or other types of private limited partnerships) when it is appropriate for a client.

### **Investment Strategies**

Humonica may also utilize different investment strategies, based upon the needs of the client, which include long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing.

### **Security Analysis**

The security analysis method employed by Humonica is fundamental analysis.

### **Sources of Information**

In conducting security analysis, Humonica may utilize the following sources of information: financial newspapers and magazines, inspection of corporate activities,

research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. In addition to the listed sources of information, Humonica's portfolio managers may, from time to time, conduct interviews of corporate officers, make company visits and participate in analysts' phone conferences.

## **Risk**

### In General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability. Depending upon the client need and investment mandate, Humonica will attempt to thoroughly explain the applicable risks and address them in the investment management agreement.

### Exchange Traded Funds (ETFs)

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the stock tracked within an ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the ETF will go down. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

### Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.



### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### Real Estate Investment Trusts (REITS)

As with all stocks, there are market risks associated with REITs. The value of shares in publicly traded REITs can fluctuate. As investor who sells shares in a REIT could receive more, or less, than the original purchase price. Factors that can influence market risk include general level of real estate property values, which tend to rise and fall with current market conditions. As with any active business, a factor in successful performance lies with management skill. Another risk is dependant on interest rates. Shares of REITs, especially mortgage REITs, are sensitive to changes in the general level of interest rates. Mortgage REITs respond much like bonds, generally increasing in value as interest rates fall and decreasing in value if interest rates rise.

### Private Investment Funds

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the fund's offering documents, which will be provided to each investor for review and consideration. Each prospective investor will be required to complete a subscription agreement, pursuant to which the investor shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

### **Cash Management**

Cash and equivalents can be held in client accounts for defensive purposes or in preparation for client liquidity needs.

### **DISCIPLINARY HISTORY**

Neither Humonica nor any of its supervised persons have any reportable disciplinary history.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Lawrence J. Goldstein

Mr. Goldstein, Member and Portfolio Manager of Humonica, is also the Principal and Managing Member of SMP Asset Management, LLC, the General Partner of the Santa Monica Partners, L.P. and Santa Monica Partners Asset Management, LLC the General Partner of Santa Monica Partners II, L.P.; and Santa Monica Partners Opportunity Fund, L.P. (collectively, the “Santa Monica Funds”). The Santa Monica Funds are private investment partnerships organized as pooled investment vehicles. Though clients may investment in these private funds, clients are not solicited to invest in any of these private funds.

Mr. Goldstein is also a registered representative of Northpoint Trading Partners, LLC, a FINRA registered broker-dealer. Although a Series 7 licensed registered representative, Mr. Goldstein will not effectuate securities transactions on behalf of clients and consequently, Mr. Goldstein receives no commissions from client transactions. As set forth below, clients are solely responsible for selecting the broker-dealer that will execute their securities transactions.

### Josh D. Tarasoff

Mr. Tarasoff is also the Managing Member of Greenlea Lane Capital Management, LLC, the General Partner of Greenlea Lane Capital Partners, L.P., a Delaware limited partnership. Greenlea Lane Capital Partners, L.P. is a private investment partnership organized as pooled investment vehicle (commonly known as a “hedge fund”). Though clients may investment in Greenlea Lane Capital Partners, L.P., clients are not solicited to invest in this private fund.

### Potential Conflicts of Interest

SMP Asset Management, LLC and Santa Monica Partners Asset Management, LLC may receive performance-based incentive allocations in their roles as the General Partner of the Santa Monica Funds. Greenlea Lane Capital Management, LLC may receive performance-based incentive allocations in its role as General Partner of Greenlea Lane Capital Partners, L.P. Under a performance-based management fee system, the high fee returns that can be earned can pose potential conflicts of interest. Due to these potentially higher returns, the focus by the General Partners (and their respective managing members who are also the portfolio managers of Humonica) on accounts being charged a performance-based management fee could consume much of their time and efforts to the detriment of accounts not being charged a performance-based management fee.

Notwithstanding such economic benefit and potential conflicts of interest, as a fiduciary, Humonica always strives to serve the best interest of the client.

*Please contact Josh Tarasoff, the Chief Compliance Officer of Humonica, at (914) 833-0875 if you have additional questions about these potential conflicts of interest.*

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Humonica has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Humonica and its employees owe a fiduciary duty to its clients. Accordingly, Humonica expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. Humonica and its employees are required to adhere to the Code of Ethics. At all times, Humonica and its employees must (i) place client interests ahead of Humonica's; (ii) engage in personal investing that is in full compliance with Humonica's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Humonica's Code of Ethics by contacting Josh Tarasoff, Chief Compliance Officer of Humonica, at (914) 833-0875.

### **Prohibition on Use of Insider Information**

Humonica has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of Humonica's Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of Humonica's Insider Trading policies and procedures, please contact Josh Tarasoff, Chief Compliance Officer of Humonica, at (914) 833-0875.

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

*Humonica or individuals associated with Humonica may buy, sell, or hold in their personal accounts the same securities that Humonica recommends to its clients.*

To minimize conflicts of interest, and to maintain the fiduciary responsibility Humonica has for its clients, Humonica has established the following policy:

- An officer, manager, or employee of Humonica shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with Humonica, unless the information is also available to the investing public as a whole;
- No person associated with Humonica shall prefer his or her own interest to that of any client;
- No person associated with Humonica shall trade against the interests of any client account;
- Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients; and

- Humonica personnel may not anticipate trades to be placed for clients.

## **BROKERAGE PRACTICES**

### **Best Execution**

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Humonica will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

For fixed income securities, Humonica attempts to obtain best execution for the volume of bonds sought by speaking with more than one broker and comparing pricing and transactions costs.

### **Broker Analysis**

Humonica evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Humonica.

Also in consideration is such broker-dealers’ provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by “soft dollars”, as further discussed in the “Research/Soft Dollars Benefits” section immediately below). Accordingly, if Humonica determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Humonica’s portfolio managers are responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition,

Humonica periodically reviews its transaction costs in light of current market circumstances and other relevant information.

### **Research/Soft Dollar Benefits**

Humonica utilizes the services of the Fidelity Institutional Wealth Services Group ("Fidelity") program sponsored by Fidelity Brokerage Services, Inc. There is no direct link between Humonica's participation in the program and the investment advice it gives to its clients, although Humonica receives economic benefits through its participation in the program that are typically not available to Fidelity retail investors. These benefits include:

- A dedicated trading desk that services Fidelity participants exclusively;
- A dedicated service group and an account services manager dedicated to Humonica's accounts;
- Access to a real-time order matching system;
- Ability to 'block' client trades;
- Electronic download of trades, balances and positions;
- Access to an electronic interface with Fidelity's software;
- Duplicate and batched client statements, confirmations and yearend summaries;
- The ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements);
- A quarterly newsletter; and
- Access to Fidelity mutual funds.

Benefits of participating in the Fidelity program also include access to over 350 mutual fund families and 4,500 mutual funds not affiliated with Fidelity, of which over 2,000 have no transaction fee, ability to have loads waived for Humonica's clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).

The benefits received through participation in the Fidelity program do not depend upon the amount of transactions directed to, or amount of assets custodied by, Fidelity.

While as a fiduciary Humonica endeavors to act in its clients' best interests, Humonica's recommendation that clients maintain their assets in accounts with Fidelity may be based in part on the benefit to Humonica of the availability of some

of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by Fidelity which may create a conflict of interest.

The benefits received through participation in the Fidelity program do not depend upon the amount of transactions directed to, or amount of assets custodied by, Fidelity.

## **Brokerage Selection**

### Humonica Directed Brokerage

Humonica does not have the discretionary authority to determine the broker dealer to be used, but does have discretion to determine the commission rates to be paid. Humonica will not take physical possession or control of client assets. As stated above, Humonica participates in the Fidelity Institutional Wealth Services Group (“Fidelity”) program, sponsored by Fidelity Brokerage Services, Inc., a FINRA registered broker dealer.

Clients in need of brokerage and custodial services will have Fidelity Brokerage Services, Inc. recommended to them. As part of the Fidelity program, Humonica receives benefits that it would not receive if it did not offer investment advice. Humonica does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. Humonica is required to disclose that by directing brokerage, Humonica may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

Please see the disclosures in the “Research/Soft Dollars Benefits” section directly above for additional information regarding Humonica’s use of recommended broker-dealers.

### Client Directed Brokerage

Certain clients may direct Humonica to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, Humonica is required to disclose that Humonica may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates Humonica might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

However, when the client designates the broker, Humonica will assist the client in negotiating a commission discount with the broker which takes into consideration any special services the broker might be providing to the client, and whether the broker may be providing custodial services to the client. Occasionally, the client has a pre-existing relationship with the broker, so Humonica does not have significant

influence in negotiating commissions in these instances, and commissions paid by the client with directed brokerage arrangements are generally higher than those otherwise obtainable.

Humonica encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

### **Trade Aggregation/Allocation**

It is the objective of Humonica to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, Humonica may often seek to purchase or sell a particular security in each account. Humonica will aggregate orders only when such aggregation is consistent with Humonica's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account.

Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

### **Trade Errors**

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client.

## **REVIEW OF ACCOUNTS**

Accounts will be reviewed by Lawrence J. Goldstein, Humonica's portfolio manager. Accounts are reviewed as contracted for with the client at the inception of the advisory relationship. Accounts are reviewed in the context of each client's investment objectives and guidelines, ensuring that the structure of the portfolio is coordinated with these objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Clients will receive monthly statements directly from the custodian. Confirmation statements will be issued by the custodian for all trading activity.

## CLIENT REFERRALS AND OTHER COMPENSATION

### Client Referrals

From time to time, Humonica may retain solicitors to refer clients to Humonica. If a client is introduced to Humonica by either an unaffiliated or an affiliated solicitor, Humonica may pay that solicitor a referral fee in accordance with the all requirements of the Investment Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Humonica's advisory fee, and shall not result in any additional charge to the client.

If the client is introduced to Humonica by an unaffiliated solicitor, the solicitor must, at the time of the solicitation:

1. Disclose the nature of their solicitor relationship;
2. Provide each prospective client with a copy of the Humonica written disclosure brochure;
3. Provide each prospective client a copy of the solicitor's written disclosure statement that discloses the terms of the solicitation arrangement between Humonica and the solicitor, including the compensation to be received by the solicitor.

Any affiliated solicitor of Humonica shall disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this written disclosure statement.

### Other Compensation

Humonica does not receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

## CUSTODY

Custody of client assets will be maintained with the independent custodian selected by the client. Humonica will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Humonica to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. *Clients are urged to carefully review account statements sent by their broker-dealer/custodian and to compare the account*



*statement provided by the broker-dealer/custodian with any statements provided by Humonica.*

## **INVESTMENT DISCRETION**

For those client accounts over which Humonica has discretion, Humonica requests that it be provided with written authority (e.g., limited power of attorney contained in Humonica's Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

Humonica generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. Humonica's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Humonica and the client.

## **VOTING CLIENT SECURITIES**

### **Proxy Voting**

Humonica does not vote proxies on behalf of its clients. Therefore, the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Humonica and/or the client shall instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact Josh Tarasoff, Chief Compliance Officer of Humonica, at (914) 833-0875 if they have questions regarding a particular solicitation.

### **Class Action Settlements**

Although Humonica has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **FINANCIAL INFORMATION**

### **Prepayment of Fees**

Because Humonica does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Humonica is not required to include a balance sheet with this disclosure brochure.

### **Financial Condition**

Humonica does not have any adverse financial conditions to disclose.

### **Bankruptcy**

Humonica has never been the subject of a bankruptcy petition.

## **PRIVACY NOTICE**

Humonica views protecting its customers' private information as a top priority and, pursuant to the requirements of the federal Gramm-Leach-Bliley Act, Humonica has instituted policies and procedures to ensure that customer information is private and secure. Humonica does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, Humonica may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Humonica restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Humonica. As emphasized above, it has always been and will always be Humonica's policy never to sell information about current or former customers or their accounts to anyone. It is also Humonica's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law. For the full text of Humonica's Privacy Notice, please contact Josh Tarasoff, Chief Compliance Officer of Humonica, at (914) 833-0875.

## **CLIENT COMPLAINTS**

Clients may contact Josh Tarasoff, Chief Compliance Officer of Humonica, at (914) 833-0875 to submit a complaint. Written complaints should be sent to Humonica Asset Management, LLC, 1865 Palmer Avenue, Suite 108, Larchmont, NY 10538.