



Form ADV Part 2A – Firm Brochure

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The brochure provides information about the qualifications and business practices of Eldridge Investment Advisors, Inc. (“EIA”). If you have any questions about the contents of this brochure, please contact us at 603-625-8559, ext. 320 or sbeldridge@eldridgeco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Eldridge Investment Advisors, Inc. is a registered investment advisor. Registration does not imply any level of skill or training.

Additional information about Eldridge Investment Advisors, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes made to this brochure since the date of our last annual update on March 15, 2012. We did, however, update the value and type of our assets under management in Section 4.

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Item 4 – Advisory Business

Eldridge Investment Advisors, Inc. (“EIA”, “we” or “our”) provides personalized investment advisory services to clients based on the individual needs of the client. EIA was founded in 1992 by Susan B. Eldridge. Mrs. Eldridge owns 100% of the firm.

EIA will manage advisory accounts for clients (“client”, “you” or “your”) on a discretionary or non-discretionary basis, investing in no-load or load-waived mutual funds, exchange traded funds (“ETF”s), equity securities, fixed income securities, variable annuities, or alternative investments. As of December 31, 2012, we manage \$221,300,000 of client assets on a discretionary basis. Account management is guided by your stated investment objective (i.e. maximum capital appreciation, growth, income or growth and income). We determine your goals and objectives via an extensive interview process which will occur either in person or over the telephone.

EIA offers its services under the Strategic Asset Management (“SAM”) Program of the investment advisor firm, LPL Financial LLC (“LPL”). LPL's SAM Program is available through EIA associates, who also may be registered with LPL as Investment Adviser Representatives (“IAR”). In order for EIA to be able to provide asset management services you will need to enter into a SAM Account Agreement with EIA and LPL, and open an account at LPL.

In addition to being an investment advisor, LPL provides clearing, custody and trade execution services for SAM Program accounts. You will retain all rights of ownership on your SAM account (i.e., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations). In addition, you can impose restrictions on investing in certain securities or types of securities.

For additional information regarding the SAM Program, you should refer to the SAM disclosure brochure that we will provide to you prior to or upon opening a SAM Program account.

Item 5 – Fees and Compensation

The annual advisory fee for management services is a maximum of 1.5% of assets under management. All advisory fees are negotiable. EIA will quote an exact percentage to each client based on both the nature and the total dollar value of the account, and the amount of the advisory fee will be stated in the SAM Account Application. We will charge you in advance, at the beginning of each calendar quarter, based upon the quarter-end value (market value or fair market value in the absence of market value) of the client's account as reflected on custodial account statements. LPL, as the qualified custodian for the SAM Program, is responsible for deducting all advisory fees. EIA and the IAR share in the advisory fee.

In addition to the advisory fee, in the SAM Program you are assessed transaction charges by LPL to defray costs associated with trade execution. EIA and the IAR do not receive any portion of the transaction charges. LPL transaction charges may range from \$5.50 to \$50 based on the type of transaction. Transaction charges are itemized in detail in the LPL SAM Account Agreement.

In addition to the advisory fees and the transaction charges, the client may also incur certain charges imposed by third parties or LPL in connection with investments made through investment advisory accounts. These may include, but are not limited to, the following: mutual fund 12b-1 and sub-transfer agent fees, networking and omnibus processing fees, mutual fund management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund investment management fees, managed futures investor servicing fees, participation fees from auction rate preferred fixed income securities, and other charges required by law. LPL and IAR may receive a portion of certain of these fees. Further information regarding charges and fees assessed by a mutual fund or the annuity are available in the appropriate prospectus.

You may terminate your relationship with us at any time, upon 30 days written notice. Upon termination of our management services, any prepaid, unearned fees will be promptly refunded.

For additional information, refer to Item 12 – Brokerage Practices.

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

EIA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

EIA provides services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations.

There is a \$25,000 minimum to establish a SAM Program account.

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

EIA uses both a fundamental and technical approach to analyzing investment alternatives for managed portfolios. Fundamental analysis means that the overall business is considered by reviewing a business' financial statements and financial health, its management and competitive advantages, and its competitors and markets. Technical analysis is an investment analysis discipline for attempting to forecast the direction of prices through the study of past market data, primarily price and volume. Of course, past performance does not guarantee future results.

EIA looks to construct portfolios that are diversified across various asset classes and types of holdings. In researching and analyzing mutual fund investments, EIA first determines the general categories of funds to use in its portfolios (e.g., value or growth, large company holdings or small company holdings, US holdings or international holdings, etc.). We tend to favor mutual funds investing in value stocks over growth stocks, large company stocks over small company stocks, and US stocks over international stocks. As a result, this may expose a managed account to greater risk than an account that is invested in a more balanced fashion. Once the categories and potential weightings have been determined, we identify the specific

mutual funds to invest in after considering a number of factors, including, but not limited to: size of the fund, tenure of the management, performance, expenses, turnover, standard deviation, and consistency of the fund with its stated goals and objectives. For individual equities, we consider the earnings, return on capital, and cash flow, and we tend to favor well established companies. We also consider the valuation of the company. This includes price/earnings, price/book value, enterprise value/EBITDA and price/cash flow.

All investment decisions are made within the framework of considering various macro-economic impacts such as the overall state of the economy, interest rates, taxes, global economies, currency, commodities, real estate and credit conditions.

EIA uses a variety of sources of data to conduct analysis, such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and company press releases.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. We have no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

EIA is only in the business of rendering investment advice. However, associates of EIA are separately licensed as registered representatives of LPL, licensed as life, accident and health brokers for one or more insurance company and operating as pension consultants as described below.

Associates of EIA are separately registered as securities representatives of LPL. In such capacity, the associates may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that the associate recommends that a client invest in a security which results in a commission being paid to the associate. If you purchase securities from an associate of EIA who is a licensed securities representative, you will receive certain disclosure documents (e.g., prospectus, brokerage account agreement) when conducting such transactions.

LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Susan Eldridge and Stephen Eldridge are current shareholders of LPLA.

Associates of EIA are also IARs with LPL. In such capacity, they may offer advisory accounts with LPL and receive normal and customary advisory fees for account management. This presents a conflict of interest to the extent that the associate recommends that a client open a managed account which results in a management fee being paid to the associate. Clients establishing LPL advisory accounts with an associate of EIA will receive certain documents

(e.g., program disclosure documents) and enter into an investment advisory agreement upon account opening.

Associates of EIA are also licensed as brokers for various insurance companies (via Stephen Eldridge & Co., a corporate broker). Stephen Eldridge & Co. ("Eldridge Co.") is a life, accident and health insurance corporate broker. Eldridge Co. is a related party to EIA. Officers and agents of EIA may also be employed by Eldridge Co. In such capacity the associates may offer insurance products and receive normal and customary commissions as a result of a purchase. This presents a conflict of interest to the extent the associate recommends the purchase of an insurance product which results in a commission being paid to the associate. If you purchase insurance from an associate of EIA who is a licensed insurance agent, you will receive certain disclosure documents (e.g., prospectus) and complete an insurance application when conducting such transactions.

Stephen Eldridge & Co., Inc. is also a pension consulting firm. Eldridge Co. is owned by Stephen Eldridge. Associated persons of EIA may also be employed by Eldridge Co. As employees the associated persons will receive a regular salary and bonus. Advisory clients in need of pension plan administration services may be referred to Eldridge Co., which will provide these services based on an hourly rate. However, advisory clients are under no obligation to use Eldridge Co. for such services and no compensation is paid to associated persons of EIA by Eldridge Co. for any referrals.

Item 11 – Code of Ethics

EIA has adopted a Code of Ethics. This Code sets forth standards of conduct and requires compliance with federal securities laws. The Code is based on the principle that EIA and its employees owe a fiduciary duty to EIA's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The Code is designed to ensure that the high ethical standards long maintained by EIA continue to be applied. Specifically, the Code contains provisions that prohibit insider trading, require pre-clearance for participation in IPOs and private/limited offerings, restrict gift giving and receiving, protect the privacy of client information, and require the reporting of employee holdings and transactions on an annual and quarterly basis. Employees of EIA must certify that they have read the Code and each amendment as it is delivered and it is their responsibility to read, understand and abide by all aspects of the Code.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

It is our policy not to place any principal transactions for your account. Principal transactions are generally defined as transactions where an investment advisor, acting as principal for its own account, buys from or sells any security to any advisory client. We will also not cross trades between your account and the account of another client.

EIA and its associates may buy or sell securities for our personal accounts identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of clients ahead of their

own when making personal investments. In the event an EIA associate wishes to buy or sell a security that has also been recommended to clients, the client's order is given priority. We monitor trading by our associated persons.

Item 12 – Brokerage Practices

Within the SAM Program, the client appoints LPL as the sole and exclusive broker/dealer with respect to handling of securities transactions for the SAM account. EIA does not have discretion to determine the broker/dealer to use or the transaction charges to be paid. As previously stated, associates of EIA are registered representatives of LPL. Because EIA does not have the authority to select brokers for individual client transactions, best execution may not be achieved. While EIA makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. EIA believes, however, that clients receive quality service and execution in the SAM Program. Clients should consider whether or not the appointment of LPL as the sole broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to offer the LPL SAM Program to clients, EIA evaluates its capabilities to execute, clear and settle transactions. Clients should satisfy themselves that the total level of fees and costs are commensurate with the total level of services received from EIA and the SAM program sponsored by LPL.

The SAM platform provides EIA with access to research which assists in managing client accounts. This research is available due to the relationship between associates of EIA and LPL. In addition, although there is no direct connection between the investment advice we give to you and our recommendation to use LPL for the SAM Program, economic benefits may be provided to us by LPL that will not be provided if you select another broker/dealer or account custodian. These benefits may include negotiated transaction costs, administrative support, electronic download of trades, balances and position information, duplicate and batched client statements, confirmations and year-end reports.

EIA may aggregate transactions for a client with other clients where possible and advantageous for clients. When trades are aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client's account will be deemed to have purchased or sold its proportionate share of the securities at the average price obtained. For orders that are only partially filled, EIA will allocate trades pro-rata or on some other basis consistent with the goal of treating all clients fairly over time.

No agency cross transactions will be effected in SAM accounts.

Item 13 – Review of Accounts

Major changes in model allocations and in client account values when compared with the models trigger a review of the accounts by an EIA portfolio manager or by another associate of EIA. In general, all accounts are reviewed at least quarterly by EIA personnel, and may be reviewed more frequently depending upon market conditions.

Item 14 – Client Referrals and Other Compensation

EIA may from time to time compensate, either directly or indirectly, any person for client referrals. These individuals are referred to as solicitors and EIA pays them a portion of the Account Fee paid by the client. When a solicitor is used, the arrangement will be disclosed in writing to the client through a disclosure document signed by the client at the time the account is opened.

EIA and its associates may receive compensation from third parties in connection with investments through SAM accounts. This compensation may include, but is not limited to, the following: mutual fund 12b-1 fees and hedge fund and managed futures investment management fees and investor servicing fees.

EIA or its associates may also receive from LPL production bonuses, stock options, reimbursement of fees paid to LPL for items such as administrative services, and other things of value such as complimentary or reduced-cost attendance at LPL's national sales conference or top producer forums and events. These financial incentives are based on overall business produced. However, in some cases, the incentives are greater for assets serviced in LPL advisory programs such as SAM. This means that associates of EIA have a financial incentive to recommend an advisory program over other programs and services.

EIA and its associates may receive additional non-cash compensation from product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by EIA or its associates.

Item 15 – Custody

We do not have custody of your funds or securities. Custody for managed accounts is maintained by LPL and you will receive account statements directly from LPL at least quarterly. In addition, LPL will provide you with performance reports for your accounts. All account data and statements are also available on-line through the LPL Account View portal.

We encourage you to carefully review all custodial statements when you receive them.

We may provide you with customized reporting of your account from time to time upon request. Please keep in mind that these reports do not take the place of or otherwise replace the official statements you receive from the custodian of your account assets.

Item 16 – Investment Discretion

When requested by the client, EIA has discretionary authority to select the security and the amount to be bought and sold within the managed account. The client provides the discretionary authority to EIA in the investment advisory Account Agreement.

Item 17 – Voting Client Securities

EIA, as a matter of policy and practice, has no authority to vote proxies on behalf of advisory clients. The firm may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility.

Item 18 – Financial Information

We are required in this Item to provide you with certain information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet our contractual or fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition.