

TSA PORTFOLIO MANGEMENT, INC.
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12/31/2015

This brochure provides information about the qualifications and business practices of TSA Portfolio Management Inc. ("TSA"). If you have any questions about the contents of this brochure, please contact Rachel Pino at 516-676-3332 or email us at info@hallidayfinancial.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.

TSA Portfolio Management Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about TSA Portfolio Management Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 12/09/2015 is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not.

Item 2 Material Changes

There are no material changes to report from the previous release of the Firm Brochure. In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting Rachel Pino, CCO at 516-676-3332 or rpino@hallidayfinancial.com. Our brochure is also available on our web site www.HallidayFinancial.com, also free of charge.

Additional information about TSA Portfolio Management Inc. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with TSA who are registered, or are required to be registered, as investment adviser representatives of TSA.

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Item 4 – Advisory Business

TSA Portfolio Management Inc. ("TSA"), founded in 1991, provides investment supervisory services through investment management programs by giving continuous advice to you and by making investment decisions based on individual needs. Through personal discussions, TSA develops a personal investment policy, and creates and manages a portfolio based on your goals and objectives derived from discussions. Your portfolio may include investments in load or no load mutual funds, stock, individual bonds (corporate, government and municipal), variable annuities and exchange traded funds (ETFs). TSA manages advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by your stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income).

The unaffiliated third-party money managers offer specialized asset management expertise or services that TSA utilizes to manage all or a portion of the client assets in appropriate cases. Such third-party money managers expertise ranging from research and selection of investment options, to monitoring the assets and deciding when to sell them. Once selected, these third-party money managers have the fiduciary duty/discretion for the portion of assets placed with them, to choose and manage investments prudently for the client, including the development of an appropriate investment strategy, and buying and selling securities to meet those goals (subject to restrictions imposed by the client). TSA has no ability to affect the trading decisions of the third-party money managers once a client decides to participate in these programs, and can only choose whether to engage or terminate a third-party money manager. TSA retains the right to replace (i.e., "hire or fire") third-party money managers on behalf of clients that have given discretionary authority to TSA. Accounts that have discretionary authority allow TSA to choose or change any third-party money manager approved for a given platform, without additional approvals from the client. TSA will evaluate the third-party money managers and investment vehicles to determine whether the third-party money manager is suitable for the client, given the appropriate style and allocation. In addition, TSA performs ongoing due diligence of the individual third-party money managers' performance and management, continuously reviews the client's account for adherence to objectives outlined with manager, and will reallocate assets among managers if necessary.

Principal Owners

TSA is a division of Halliday Financial Group, Inc which (as of January 2016) is owned by the following individuals:

Rachel Holste Halliday Pino, CCO	22.2%
Denis J. Moynihan, II, President and Portfolio Manager	16.3%
Sean Mohammadi	16.3%
Treasury	45.2 %

As of 12/31/2015, TSA manages approximately \$218,868,562 in assets for approximately 747 clients. Approximately \$178,938,382 is managed on a discretionary basis and \$39,930,180 is managed on a non-discretionary basis.

Types of Agreements

Individual Customized Portfolios

The following agreements define the typical relationship:

- **Discretionary:** A discretionary contract allows TSA to execute trades for your account at your discretion without requiring prior approval. If you so choose, we will accept discretionary authority (by contract) to manage securities accounts on your behalf. This will give TSA the authority to determine, without obtaining specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold for the account.
- **Non-Discretionary:** Non-discretionary agreements require TSA to obtain your permission prior to executing each trade.
- **Directed Brokerage:** You may obtain investment advice from TSA while directing us to execute trades in an account you hold at another broker-dealer.

Agreements may not be assigned without your consent.

Tailored Relationships

When you choose to have us manage your assets, we will provide you with an Asset Allocation Selection form and New Account form. In addition you will receive an Investment Advisory Agreement, which will detail all of the important terms and conditions pertaining to your account.

You have the ability to impose reasonable restrictions on the management of funds (e.g. you can designate particular equities, bonds, exchange traded funds (ETFs) and mutual funds that should **not** be selected for your account) and have designated these restrictions on your portfolio Selection Form. TSA has the right to refuse to follow any instructions which it deems unreasonable. If the particular restrictions are found to be unreasonable you will be notified and given a chance to restate the restriction. If unable or unwilling to do so, your account may be removed from TSA's discretion.

The Asset Allocation Selection Form which includes TSA's recommended asset allocation (the "Recommended Asset Allocation") among asset classes (e.g. U.S. equities, international equities, corporate bonds, bonds issued by U.S. Government or its agencies). The Recommended Asset Allocation seeks to balance your investment objectives against your

risk tolerances as part of a long-term investment strategy based on the information you provide. You may select TSA's recommended asset allocation for your portfolio or may modify it as provided for in the Asset Allocation Selection Form. Based upon the asset allocation chosen by you, TSA chooses a Portfolio of no-load equities, bonds, exchange traded funds (ETFs) and mutual funds for the account. You have the right to inform TSA not to purchase certain equities, bonds, exchange traded funds (ETFs) and mutual funds for the Account.

The New Account form will request information about your financial background, investment experience, objectives, risk tolerance, customized portfolio options and important disclosures and attestations. Before signing it is important for you to read all of the terms of this form. As your goals and objectives change over time, your Investment Advisor will update the records and file. After any changes, the advisor will provide you with new recommendations and advice that fit your changing needs.

Your portfolio can be further customized in different ways to suit your needs and meet your goals. When you open a new advisory account or at any time thereafter you have the option of imposing investment restrictions on certain securities, industries or sectors by providing the Investment Advisor with written instructions. Your account will be reviewed at a minimum on a quarterly basis to evaluate the asset allocation as well as rebalance the portfolio to keep in line with your goals as necessary. Your account can be managed in a tax efficient manner; however we do not provide tax advice or tax management services. Securities from outside accounts maybe transferred into your advisory account; however it may be recommended that you sell any security if it is believed that it is not suitable for the current recommended investment strategy.

In addition to the services described in this brochure, we also offer the Lockwood Program. Below are the separate descriptions of the various portfolio options available under the Lockwood platform.

Lockwood Managed Account Advisor ("MAA") Program

MAA is a program sponsored by Lockwood, with clearing and custody services through its affiliate Pershing LLC ("Pershing"), member FINRA NYSE and SIPC. Lockwood Advisors, Inc. is an SEC-registered investment adviser and is owned by The Bank of New York Mellon Corporation.

TSA will utilize software and documentation provided by Lockwood to assist the you in selecting an investment style allocation and/or diversified portfolio of investments including investment vehicle(s) and/or managers ("Manager(s)") appropriate for you initially and on an on-going basis. TSA will collect financial and personal information from you, assist you in establishing investment objectives and strategies, and evaluate the suitability of the products for you. TSA will then assist you in selecting a Manager(s) from the Lockwood research department's list of Managers with whom Lockwood does business.

TSA will have the authority to hire and fire the selected Managers and re-allocate assets among them without your prior consent. Lockwood has limited investment discretion to change the selected Manager(s) if your financial circumstances change or economic or market conditions change, to the extent that Lockwood feels that a Manager change is advisable, or, if in Lockwood's opinion, the Manager(s) selection can no longer meet the our investment objectives. The Manager(s) selected by you and/or TSA are granted investment discretion by you and exercise this authority in the day-to-day portfolio management of your account(s).

Lockwood Advisor Flex Portfolios ("AFP")

Whereas Lockwood is the sponsor and portfolio manager of the AFP product, after review and approval of the asset allocations and investment selections recommended by Standard & Poor's Investment Advisory Services LLC ("SPIAS"), Lockwood makes certain model portfolios ("Models") available to TSA for you. Lockwood will implement certain model updates throughout the life of your AFP account, and you will give Lockwood the limited discretion to implement such updates. Model updates may include replacing one investment vehicle with another or changing the asset allocation. All trades are individual to each AFP account and are not aggregated.

You will grant limited discretion to TSA to make changes to the investment vehicles in your account throughout the life an account.

Lockwood Investment Strategies ("LIS") Program

The LIS product consists of five core models and variations thereto which span the risk/return spectrum. Lockwood's affiliate, Lockwood Capital Management, Inc. ("LCM"), acts as an Overlay Manager and selects various Sub-Advisors who provide strategy-specific models, and/or investment vehicles, including mutual funds and exchange-traded funds for each investment style component of each of the portfolios. With Lockwood exercising investment discretion over the accounts established under this program, LCM coordinates the buying and selling of securities, tax efficiency, and rebalancing across each portfolio. The account is rebalanced periodically to reflect the market changes and to maintain compliance with Lockwood's strategy-specific guidelines and your investment objectives.

TSA will provide you with an asset allocation strategy developed through personal discussions in which goals and objectives based on your particular circumstances are established. This asset allocation strategy is drafted into your Personal Investment Policy Statement. You will grant limited discretion to Lockwood to rebalance the account by replacing one investment vehicle or model with another. You will also grant TSA limited discretion for the purpose of making investment vehicle, model, and asset allocation selections. TSA has the ability, subject to certain limitations, to override Lockwood's proposed asset allocation and/or investment proposal.

Lockwood Asset Allocation Portfolios ("LAAP") Program

LAAP is a discretionary, multi-discipline managed portfolio product housed in a single account and managed by LCM. LCM serves as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for each investment style component of LAAP based on proprietary models. LAAP consists of five core models, which may consist of mutual funds, exchange-traded funds and other types of securities, as determined by LCM.

TSA will provide you with an asset allocation strategy developed through personal discussions in which goals and objectives based on your particular circumstances are established. This asset allocation strategy is drafted into your Personal Investment Policy Statement. You will grant limited discretion to Lockwood to rebalance the account by replacing one investment vehicle or model with another. You will also grant TSA limited discretion for the purpose of making investment vehicle, model, and asset allocation selections. TSA has the ability, subject to certain limitations, to override Lockwood's proposed asset allocation and/or investment proposal.

Item 5 – Fees and Compensation

Description

TSA will generally bill its fees on a quarterly basis. TSA's primary payment method is where the custodian deducts the investment management fee from client accounts. For those not directly debited, an invoice will be sent directly to the client, and will be due in full within 10 days of receipt. Statements provided by the custodian will detail the total amount of the fees that have been deducted per quarter. Fees are not verified for accuracy by the custodian; it is the client's responsibility to do so. Some assets (usually those with initial or deferred sales charges) may initially be excluded from the on-going asset under management fee agreed to by clients and TSA. At an agreed upon point in the future, the assets may be included in calculation of the clients' quarterly fees.

Some third-party platforms and programs may charge fees in arrears or in advance. These are outlined in the applicable program's Disclosure Document. Each client's billing specifics and elections are listed in its client advisory agreement.

TSA charges advisory fees based upon the valuation of client account(s) as determined by its custodians. The total portfolio value on which fees are based may vary from the value on the custodian statement (the valuation may be higher or lower) due to such factors as the timing and posting of dividends, settlement dates for trades, etc.

Other Fees and Charges:

All fees paid to TSA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. For accounts subject to the prohibited transaction rules under the Internal Revenue Code or ERISA (and such others accounts that Halliday, in its sole discretion deems appropriate), Halliday provides its investment advisory services on a fee-offset basis. In this scenario, Halliday will offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Halliday's Supervised Persons in their individual capacities as registered representatives of Halliday. 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 and shareholder service fee. Clients should review such additional fees and the fees TSA charges to understand the total amount of fees paid, as investments in mutual funds may be made by clients, independent of and without the services provided by TSA. Virtually all investments purchased by prospectus have internal fees that are borne by the client in addition to any trading, execution, or TSA advisory fees. Clients invested in mutual funds will indirectly pay management fees and other expenses of the mutual funds that are separate and in addition to the advisory fees paid to TSA.

TSA also participates in the Charles Schwab & Co., Inc. Schwab Institutional Program. Charles Schwab may receive compensation from the mutual funds, in addition to account transaction fees paid directly by clients. No portion of such compensation or fees is paid to TSA or any affiliated entity.

Participating in Lockwood's programs will be provided brokerage, custody, and clearing services will be provided through its affiliate, Pershing. You should carefully review all the terms and conditions of the agreement(s) signed with Lockwood, LCM, Manager(s), and Pershing. Clients should also review Lockwood's, LCM's, and Managers' Form ADV Part II and Schedule H for specific descriptions of their brokerage practices and wrap fee programs.

Termination of Agreement

Investment advisory contracts may be terminated by either you or TSA without payment of any penalty, upon written notice to the other party. Termination by either you or TSA does not have the effect of canceling orders to deposit or invest cash or to purchase or sell securities prior to receipt of notice of cancellation. In the event either you or your Investment Advisor terminate the Agreement, you will receive a pro-rata bill representing your portfolio value at the time of termination, adjusted for the number of days from the last billing quarter for the portion of the quarter not yet billed if your account has been billed in arrears. If your account has been billed in advance for the next calendar quarter, you will be refunded the on a pro-rata basis.

Fee Billing

The minimum initial amount of Program Assets for your account is \$50,000. The minimum account size may be changed from time to time at the sole direction of TSA. However, if the minimum amount in your account drops below \$40,000, TSA shall have the right to terminate the Account.

The annual fee is based on a percentage of investable assets according to the following schedule under the specific programs stated:

Discretionary Pershing Tier II

Value of STAR Program Assets Annual Fee

An Advisory Fee typically ranges from .5% to 1% annually will be collected on accounts with up to \$1,000,000 under management.

The transaction fees normally charged to client accounts will not be charged to accounts with \$500,000, or more, under management.

The Advisory Fee for accounts with more than \$1,000,000 under management is subject to negotiation and will be recorded in writing on a separate form and attached hereto.

Non-Discretionary Pershing Tier II

Value of STAR Program Assets Annual Fee

An Advisory Fee typically ranges from .5% to 1% annually will be collected on accounts with up to \$1,000,000 under management. The transaction fees normally charged to client accounts will not be charged to accounts with \$500,000, or more, under management.

Where there is a transaction fee charged it is paid directly to Halliday Financial, LLC. (the affiliated broker dealer for TSA Portfolio Management).

The Advisory Fee for accounts with more than \$1,000,000 under management is subject to negotiation and will be recorded in writing on a separate form and attached hereto.

Discretionary Pershing Tier III

Value of STAR Program Assets Annual Fee

An Advisory Fee of 1.4% annually will be collected on accounts.

The transaction fees normally charged to client accounts will not be charged to accounts.

Non-Discretionary Pershing Tier III

Value of STAR Program Assets Annual Fee

A flat Advisory Fee of 1.4% annually will be collected on all accounts.

The transaction fees normally charged to client accounts will not be charged to accounts.

Where there is a transaction fee charged it is paid directly to Halliday Financial, LLC. (the affiliated broker dealer for TSA Portfolio Management).

All fees are subject to negotiation.

Other Programs offered through TSA Portfolio Management and their corresponding fees—

Lockwood Fees--Under the Managed of Managers Programs:

Lockwood Managed Account Advisor ("MAA") Program

Managers will generally not accept accounts under \$100,000, with the minimum account sizes varying slightly in some instances.

FEES: MAA is available only on a fee basis. Generally the fee components are 1) Lockwood advisory or program fee; 2) Manager(s) fee; 3) Clearing and custody fee; 4) and TSA fee.

Each manager engaged by you will set and charge fees independently of one another and, as such, fees may vary from Manager to Manager. Managers' fees typically range between 0.20% and 0.75% of assets annually on an account basis. Lockwood's fees typically range between 0.25% to 0.65% of assets annually on an account basis for equity investments and between 0.15% to 0.35% of assets annually on an account basis for fixed income investments. Based on the agreement with you, these fees may include clearing and custody fees. Thus, an overall fee will depend on the Manager(s) selected, amount of assets under management, types of investment held, and the fee charged by TSA. Total fees typically range from 1.00% to 3.00%, based on the Investment Advisor outlined above. TSA will ensure that the aggregate fee charged will never exceed 3.00% of the assets under

management. TSA's investment advisory fee, constituting a portion of the total fee charged is based on the following fee schedules:

<u>Equity--Assets Under Management (\$)</u>	<u>Fee (%)</u>
First \$500,000	1.00%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
Next \$5,000,000	0.30%
Over \$10,000,000	0.20%

<u>Fixed Income--Assets Under Management (\$)</u>	<u>Fee (%)</u>
First \$500,000	0.65%
Next \$500,000	0.65%
Next \$4,000,000	0.50%
Next \$5,000,000	0.35%
Over \$10,000,000	0.30%

These fee schedules may be negotiable under certain circumstances.

Lockwood debits the account for the fees charged by Lockwood, the clearing agent, the selected Manager(s), and TSA and remits the fees to the respective parties accordingly. Fees are debited in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter.

Participating in the MAA program should carefully review Lockwood's Form ADV Part II and Schedule H for a detailed description of all fees in the program, including the wrap fee option.

Lockwood Advisor Flex Portfolios ("AFP")

The minimum account size of AFP accounts is \$100,000, with minimum subsequent contributions of \$1,000.

FEES: AFP is available only on a fee basis. Generally the fee components are 1) Lockwood advisory or program fee (inclusive of SPIAS fee; 2) Clearing and custody fee, and execution fee paid to Pershing; 3) and TSA fee. The combined Lockwood and Pershing fees range from 0.25% to 0.40% of assets annually on an account basis. TSA will ensure that the aggregate fee charged will never exceed 3.00% of the assets under management. TSA's

investment advisory fee, constituting a portion of the total fee charged is based on the following fee schedule:

<u>Assets Under Management (\$)</u>	<u>Fee (%)</u>
First \$500,000	1.00%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.20%

This fee schedule may be negotiable under certain circumstances.

Your participation in the MAA program should carefully review Lockwood's Form ADV Part II and Schedule H for a detailed description of all fees in the program, including the wrap fee option. Additional expenses associated with the specific underlying investment vehicles (such as, 12b-1 fees, redemption fees and internal expenses fees) may apply.

Lockwood Investment Strategies ("LIS") Program

The minimum initial investment in this program is \$250,000.

FEES: The LIS program fee includes the LCM advisory fee and Overlay Manager fee, the Sub-Adviser fees, clearing and custodial fees. The program fee does not include fees or expenses which may be associated with the underlying investment vehicles such as redemption fees, 12b-1 fees, or internal expense ratios. The overall fee will depend on amount of assets under management, types of investments held, and the fee charged by TSA. The LIS fee typically ranges from 0.30% to 0.75% of assets under management, based on the Investment Advisor outlined above. TSA will ensure that the aggregate fee charged will never exceed 3.00% of the assets under management. TSA's investment advisory fee is in addition to the LIS program fee and is based on the following fee schedule:

<u>Assets Under Management (\$)</u>	<u>Fee (%)</u>
First \$500,000	1.00%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.20%

This fee schedule may be negotiable under certain circumstances.

Lockwood debits your account for the fees charged by LCM, its clearing agent, Sub-Advisers, and TSA and remits the fees to the respective parties accordingly. Fees are debited in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter.

Participating in the LIS program should carefully review Lockwood's and LCM's Form ADV Part II and Schedule H for a detailed description of all fees in the program, including the wrap fee option.

Lockwood Asset Allocation Portfolios ("LAAP") Program

Until January 19, 2008, the minimum initial investment was \$25,000. Effective January 19, 2008, the minimum account size is \$50,000.

FEES: The LAAP program fee includes the LCM advisory fee, a sponsor fee, the administrative fee, and clearing and custodial fees. The program fee does not include fees or expenses which may be associated with the underlying investment vehicles such as redemption fees, 12b-1 fees, or internal expense ratios. The overall fee will depend on amount of assets under management, types of investments held, and the fee charged by TSA. The LAAP fee typically ranges from 0.10% to 0.40% of assets under management, based on the Investment Advisor outlined above. TSA will ensure that the aggregate fee charged will never exceed 3.00% of the assets under management. TSA's investment advisory fee is in addition to the LAAP program fee and is based on the following fee schedule:

<u>Assets Under Management (\$)</u>	<u>Fee (%)</u>
First \$500,000	1.00%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.20%

This fee schedule may be negotiable under certain circumstances.

Participating in the LAAP program should carefully review Lockwood's and LCM's Form ADV Part II and Schedule H for a detailed description of all fees in the program, including the wrap fee option.

WRAP FEES: As previously disclosed, participating in the Lockwood program(s) may pay an all-inclusive wrap fee which includes charges for advisory services, custody, clearing, transaction execution and account reporting. Participating in these programs also agrees to direct brokerage in their account(s) through Pershing. Therefore, in evaluating such an arrangement, you should recognize that brokerage commissions for the execution of transactions in the account are not negotiated by TSA or Lockwood, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the

commissions charged to you and those charged to other TSA accounts. You should also consider that, depending upon the level of the wrap fee charged by the broker dealer, the amount of portfolio activity in your account, the value of custodial and other services which are provided under the arrangement, and other Investment Advisors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if TSA and/or Lockwood were free to negotiate commissions and seek best price and execution of transactions for the clients account.

ERISA Accounts: TSA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. For accounts subject to the prohibited transaction rules under the Internal Revenue Code or ERISA (and such others accounts that Halliday, in its sole discretion deems appropriate), Halliday provides its investment advisory services on a fee-offset basis. In this scenario, Halliday will offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Halliday's Supervised Persons in their individual capacities as registered representatives of Halliday.

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

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

Item 7— Types of Clients

TSA may provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

METHODS OF ANALYSIS

TSA Portfolio Management uses multiple methods of analysis in formulating our investment advice and managing client assets. This section sets them out in order of importance and includes a description of the methods and their risks:

Asset Allocation: We begin our analysis by attempting to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance. We and the client reach agreement as to the appropriate allocation.

A risk of asset allocation is that the client may not fully participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. To help alleviate the latter risk, we rebalance accounts regularly.

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Qualitative Analysis: We subjectively evaluate non-quantifiable factors such as quality of management and strength of research and development factors not readily subject to measurement.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Technical Analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and allocate appropriately.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. There is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Strategies

TSA Portfolio Management's Inc. investment process is comprised of several components. Our asset allocation strives to maximize the level of returns for a given risk level. Our strategies diversify client's assets to cover a full range of investment styles. Our approach

to portfolio construction is to make certain the portfolio is aligned with the client's risk profile. To ensure that client portfolios continue to meet expectations in a variety of market conditions, the investment team manages the portfolios through a quarterly rebalancing process. This process of rebalancing is instrumental in keeping the integrity of the risk/reward characteristics of our portfolios intact.

We do not engage in high frequency trading, or market timing strategies because they do not offer the risk/reward characteristics we seek in managing investment portfolios for clients.

TSA Portfolio Management STAR Program or CUNY Portfolio Program offers investment strategies for specific Clients based upon the Client's investment objectives, financial status, risk tolerance and specific instructions stated by the Client during consultations. The Client has the ability to impose reasonable restrictions on the management of his/her funds. For example, the client can designate particular equities, bonds, ETF's and mutual funds or types of equities, bonds, ETF's and mutual funds that should not be selected for his/her account and has designated these instructions on his or her Portfolio Selection Form. Each Client approves an account form that documents their objectives and their desired investment strategy. TSA Portfolio Management uses a variety of sources to implement investment strategies. Special attention is given to the tax consequences of trades in taxable accounts to help improve the Client's tax liability for that tax year.

Relatively aggressive investment strategies that may be adopted under certain and rare circumstances are margin transactions and option-writing (including covered options, uncovered options or spreading strategies). These strategies require special consideration and written approval and paperwork from the Client before being utilized.

STAR Portfolio Selection Form or CUNY Portfolio Program is a model portfolio that our clients select to determine the manner in which they want their STAR account invested. Each model portfolio is designed to meet a particular investment goal. The model allocations portfolios are listed below with a description of each:

Equity Weighted 20 – 5% of the portfolio is invested in each the S&P 500, Large Value, Small Cap and International Equity Markets. Corporate and Government bonds are 78% of the portfolio with 2% in a money market.

Equity Weighted 40 – 10% invested in each the S&P 500, Large Value, Small Cap and International Equity Markets. The 1 year Corporates are at 28% and 5 year Government is 30% with 2% in the money market.

Equity 60 – 15% invested in each the S&P 500, Large Value, Small Cap and International Equity Markets. 1 Year Corporates are 18% and 5 Year Government is 20% with 2% in the money market.

Equity 80 – 20% invested in each the S&P 500, Large Value, Small Cap and International Equity Markets. 1 Year Corporates are at 8% and 5 Year Government is 10% with 2% in the money market.

Option 100 – 20% in each the S&P 500, Large Value and International Equity Markets. Small Cap Value and Small Cap Growth are 10% and Mid Cap Value and Mid Cap Growth are at 9% with 2% in the money market.

Option 100 Retirement – 12% invested in each the S&P 500, Small Cap, Mid Cap and International Equity Markets. Large Value is 50% with 2% in the money market.

CUNY Aggressive Portfolio: an investment strategy emphasizes capital appreciation as a primary investment objective, rather than income with greater volatility.

CUNY Growth Portfolio: aims to increase the value of your savings. It generally favors stocks, which – though potentially volatile – have historically delivered higher returns than other asset classes such as bonds.

CUNY Growth and Income Portfolio: seeks to help investors build assets over time through exposure to a wide variety of stock investments as well as income from dividend-paying companies and fixed-income securities.

CUNY Conservative Portfolio: seeks to help investors that want current income and less volatility and therefore a lower allocation to stock investments. These investors are not concerned about increasing the value of your investments.

CUNY Retirement Income Portfolio: as you transition from the "accumulation" stage to the "distribution" stage, this portfolio strategy seeks to provide a stream of payments via a systematic withdrawal plan using several investment asset classes.

CUNY Retirement Income & Growth Portfolio: as you transition from the "accumulation" stage to the "distribution" stage, this portfolio strategy seeks to provide a stream of payments via a systematic withdrawal plan using

several investment asset classes. The portfolio's focus is income however it does not overlook the potential for growth

The TSA Portfolio Managements Inc. Separately Managed Account program (SMAs) are discretionary managed investment accounts that provide you with a personalized approach to investing, including direct ownership of individual securities, tax management, transparency and active investment management.

When selecting stocks to include in SMA portfolios, our managers look for larger, name-brand equities with strong dividend yields. A stock is even more attractive if it has had a history of increasing dividends and is trading at a discount to its market value. In addition, the company would have free cash flow and reserves to support the dividend.

An investment is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TSA or the integrity of TSA's management. TSA has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

TSA directs the execution of certain securities transactions for accounts managed by TSA through Halliday Financial, LLC. an affiliated broker dealer. Certain employees and/or associated persons of TSA are also registered representatives and employees of Halliday Financial, LLC. Shareholders of TSA are also shareholders of Halliday Financial, LLC. We are aware that this situation could result in potential conflicts of interest between us and our clients, but believe we have addressed this concern in the monitoring and disclosure requirements imposed in our Code of Ethics, discussed in Item 11, below.

In addition, certain TSA employees and/or associated persons are also insurance agents of various insurance companies. Such individuals are also sub agents of Halliday Research Corp., (dba Halliday Life and Health) a licensed insurance agent and an affiliate of both TSA and Halliday Financial, LLC. Certain TSA employees and/or associated persons may spend as much as 60% of their time with these other activities, which involve business activities other than providing investment advice. However TSA does not recommend insurance products to its TSA clients, even when their investment advisor also sells insurance products.

Halliday Financial, LLC. an affiliated broker dealer of TSA, has a clearing agreement with Pershing LLC., a wholly owned subsidiary of The Bank of New York Mellon Corporation ("Pershing"). You are not obligated to use Halliday Financial, LLC. (including Pershing) as the broker dealer or custodian for transactions and may request the use of another broker dealer or custodian. While this clearing agreement has no impact upon the investment advice provided by TSA to you, TSA does receive economic benefits as a result of this clearing agreement. These benefits include: receipt of duplicate confirmations; access to a special trading desk; ability to have investment advisory fees deducted directly from your accounts; access, for a fee, to an electronic communication network for order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher initial investments or are generally available only to institutional investors. In addition, Halliday Financial, LLC. may receive from Pershing a portion of the transaction fees charged by Pershing to you. The benefits received by TSA and its clients from Pershing do not depend upon the volume of transactions directed through Pershing.

Brokerage commissions and Transaction Fees: These are costs associated with the execution of trades placed in the account. Pershing may receive compensation from some of these commissions and fees. Halliday Financial, LLC. may receive from Pershing a portion of these transaction commissions and fees.

TSA has the right to reject any such broker dealer suggested by you if, in TSA's sole discretion, such broker dealer may not provide execution, custody or other services at the same level as Halliday Financial, LLC. and Pershing.

TSA also participates in the Charles Schwab (Schwab Institutional) program. While there is no linkage between investment advice provided by TSA and participation in the SI program, economic benefits are received as a result of participation in the SI program. Schwab also makes available to TSA other products and services that benefit TSA but may not benefit its clients' accounts. Some of these other products and services assist TSA in managing and administering these accounts. These include software and other technology that provide access to your account data (such as trade confirmations and account statements); facilitate trade execution and allocation of aggregated trade orders for multiple accounts); provide research, pricing information and other market data; facilitate payment of TSA's fees from its clients' accounts; and assist with back-office functions, recordkeeping and reporting. Many of these services generally may be used to service all or a substantial number of TSA's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to TSA other services intended to help TSA manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to TSA by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these

services to TSA. While as a fiduciary, TSA endeavors to act in its clients best interests, and TSA's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to TSA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Item 11 – Code of Ethics

TSA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of your information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures among other things. All supervised persons at TSA must acknowledge the terms of the Code of Ethics annually or as amended.

TSA's employees and persons associated with TSA are required to follow TSA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of TSA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for TSA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of TSA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of TSA's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to you trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, therefore creating the possibility those employees might benefit from market activity by you in a security held by an employee.

TSA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Rachel Pino.

Personal Trading

The Chief Compliance Officer of TSA Portfolio Management is Rachel Pino. She reviews employee trades each quarter. Her trades are reviewed by Denis Moynihan. These reviews help ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are typically small in the number of shares, the trades do not affect the securities markets.

Item 12 – Brokerage Practices

TSA does not maintain custody of your assets that we manage; although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. We recommend that you use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, or Pershing LLC, member FINRA, NYSE and SIPC, a subsidiary of The Bank of New York Mellon Corporation as the qualified custodian. We are independently owned and operated and are not affiliates with either company. Schwab or Pershing will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab or Pershing as custodian/broker, you will decide whether to do so and will open your account with Schwab or Pershing by entering into an account agreement directly with them.

It is TSA’s policy that the firm will not affect any principal or agency cross securities transactions for your accounts. TSA will also not cross trades between your accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory account. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another in your account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisor and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with TSA's obligation of best execution. In such circumstances, the affiliated and your accounts will share commission costs equally and receive securities at a total average price. TSA will retain records of the trade order (specifying each participating account) and its allocation which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Selecting Brokerage Firms:

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades (buys and sells securities for your account)

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs) etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

Item 13 – Review of Accounts

At a minimum an annual review will be conducted by portfolio manager. In most cases, accounts are reviewed more frequently through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements, investment policy statements, or other suitability and investment objectives documentation.

Periodic reviews and face-to-face meetings or conference calls are encouraged. Events that may trigger a review include client requests, a change in financial goals or objectives, and significant world, economic or market events.

Regular Reports

You will receive periodic reports directly from your custodian on a monthly basis. These written reports include details of your trades, account balances, portfolio performance, dividends, contributions and withdrawals, and fees and charges. You should contact the Chief Compliance Officer of TSA immediately if you notice major inconsistencies in your reports or do not receive a report.

Item 14 – Client Referrals and Other Compensation

Client Referrals

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Other Compensation

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Item 15 – Custody

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. TSA urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you.

Item 16 – Investment Discretion

Discretionary Authority for Trading

Please see “Types of Agreements”.

Limited Power of Attorney

Our Discretionary advisory agreement contains a limited power of attorney clause. You sign a limited power of attorney so that TSA may execute trades suitable for your account.

TSA usually receives discretionary authority from you at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account.

When selecting securities and determining amounts, TSA observes the investment policies, limitations and restrictions of the account for which it advises. For registered investment companies, TSA’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to TSA in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, TSA does not have any authority to and does not vote proxies on behalf of advisory accounts. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. TSA may provide advice to you regarding the voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about TSA’s financial condition. TSA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to you, and has not been the subject of a bankruptcy proceeding.