

**Cutter & Company, Inc.**

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Appendix 1 of Form ADV Part 2A:  
Wrap Fee Program Brochure  
March, 2011

This wrap fee program brochure provides information about the qualifications and business practices of Cutter & Company, Inc. If you have any questions about the content of this brochure, please contact us at (636) 537-8770 or (800) 536-8770. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Cutter & Company, Inc. is also available on the SEC's website at:

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Cutter & Company, Inc. is a SEC registered investment advisor. Registration as a SEC investment advisor does not imply any specific level of skill or training.

## **Item 2 - Material Changes**

### **Summary of Material Changes**

The last annual update to our brochure was March 31, 2010. Following is a summary of material changes that have occurred since the last update:

- Effective May 2011, the Asset Advisor required minimum account value is being reduced to \$25,000. This change impacts new accounts only. For accounts opened prior to May, 2011, the required minimum account value remains \$50,000.

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## **Item 4 Services, Fees and Compensation**

### **Services**

Cutter & Company (“C&C”) has entered into an agreement with Wells Fargo Advisors (“WFA”), pursuant to which WFA provides advisory and/or other services with respect to the programs. Clients of investment advisory accounts described herein are clients of C&C. C&C is not related or affiliated with WFA or First Clearing, LLC (the “Clearing Agent”). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act. C&C, WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA does not provide advisory services to C&C with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While C&C is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable C&C to offer these programs.

### **Private Investment Management (“PIM”)**

With PIM, C&C Financial Advisors (called Portfolio Managers) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, C&C requires our Portfolio Managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Based on your investment objectives and individual needs, your Financial Advisor will have discretion to manage assets to an appropriate investment strategy.

Most types of securities are eligible for purchase in a PIM account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trust, corporate and government bonds, certificates of deposit, options (covered call writing only), and certain mutual funds whose shares can be purchased at net asset value. Collectively, these are referred to as “Program Assets”.

PIM is based on both fundamental and quantitative research and other independent research. Individual PIM Portfolio Managers may develop specific investment strategies using a mix of these analytic methods. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager’s investment philosophy, may include option strategies such as “covered call writing”. In special circumstances, the strategies may also include margin transactions, other option strategies, and trading or short sale transactions. Certain strategies and investment products are not suitable for all investors.

Portfolio Managers may use third-party research to assist in developing security selection models for PIM. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, Portfolio Managers may also use a security selection and portfolio modeling process that incorporates fundamental, technical and/or statistical analyses of historical data. Due to any number of factors, including timing of deposits, tax considerations, investment selection process or investment needs, clients may receive different execution prices and investment results.

## **Asset Advisor**

Asset Advisor is a non-discretionary, client directed investment program in which your Financial Advisor may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your account.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trust, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds. Collectively, these are referred to as “Program Assets”.

Certain strategies and investment products are not suitable for all investors (i.e. hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss.)

Certain assets, such as commodity futures contracts, annuities, and limited partnership interests are not eligible as Program Assets, and are referred to collectively as “Excluded Assets”. Some Excluded Assets may be purchased or sold in your account, but these transactions will incur commissions or charges.

New-issue CDs are an eligible Program Asset. The yield of a new-issue CD takes into account a sales concession in order to compensate the brokerage firms that sell the CDs. For certain advisory accounts, the underwriter retains this sales concession. Although C&C does not receive the sales concession, it has an impact on the overall yield paid to you. Since we charge an advisory fee on the eligible assets within an advisory account, you are effectively charged both the sales concession (retained by the underwriter) and the advisory fee on the CD. These charges reduce the overall yield on the CD and, in some cases, may result in a negative yield. You should be aware that you could obtain the same CDs without being subject to the advisory fee if you purchase it in a non-advisory brokerage account.

## **Private Advisor Network (“PAN”)**

Through PAN, C&C will assist you in identifying a third party investment advisor to perform investment advisory services with respect to your assets. C&C’s services may include preparing an investment objective analysis in connection with your anticipated advisory needs, matching personal and financial client data provided with a roster of investment advisors, periodic evaluation and comparison of account performance, and continuing investment performance and objectives.

C&C will provide information on investment advisors that appear to meet your specific needs. Screening criteria may include the investment advisor’s past record, management style, location, size of account, etc. With the assistance of the C&C Financial Advisor, you may then choose one or more investment advisors to manage your assets (only one manager is allowed per account).

All accounts are managed by the independent investment advisor(s) selected by you. Neither C&C nor WFA has discretionary trading authority with respect to such accounts. Information collected by C&C regarding PAN advisors is believed to be reliable and accurate, but C&C does not necessarily

independently verify it on all occasions. C&C does not assume responsibility for the conduct of investment advisors that you select, including their performance or compliance with laws or regulations.

## **CustomChoice**

CustomChoice is available as either a discretionary or a non-discretionary investment advisory program, designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives and expectations. Providing discretionary trading authority to your Financial Advisor is optional, at your election. Based on the investment objectives and risk tolerance reported in your Account Profile, your Financial Advisor will recommend an appropriate mix of various open-end mutual funds and money market funds.

In non-discretionary accounts, you have the option of accepting any of our recommendations, or selecting an alternative combination of funds. In this instance, we will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation; if you authorize us to do so (accounts may be set up for automatic rebalancing quarterly, semi-annually or annually). In a discretionary CustomChoice account, the Financial Advisor will implement a combination of fund investments based on your investment objectives and risk tolerance. In a discretionary account, the Financial Advisor will have the authority to make changes to the underlying mutual funds used to reach the agreed upon asset allocation for the account. Additionally, the Financial Advisor will have the discretionary authority to change the percentage of investments allocated to specific asset classes, within the limitations of the investment objective stated for the account. When discretion is used, the Financial Advisor will determine whether and when automatic rebalancing to your target asset allocation is implemented.

You are advised that decisions relating to investments in mutual funds may have tax consequences that should be discussed with your tax advisor.

## **Fees and Compensation**

All of the programs described in the brochure are charged a fee on eligible assets that covers advisory, execution, custodial and reporting services. The Fee Schedules for each program are set forth below.

### **PIM and Asset Advisor Fee Schedule**

PIM and Asset Advisor accounts are charged an all-inclusive fee that covers advisory, execution, custodial and reporting services. Billed quarterly in advance, the standard PIM and Asset Advisor fee schedule is based on program eligible assets as follows:

| <b>Total Account Value</b> | <b>Annualized Fee</b> |
|----------------------------|-----------------------|
| First \$250,000            | 3.00%                 |
| Next \$750,000             | 2.50%                 |
| Over \$1,000,000           | 2.00%                 |

## **Private Advisor Network Fee Schedule**

You have the choice of compensating C&C in one of two ways for Network services:

**Fee Schedule** – You pay a fee for both Network services and execution services, with no separate charge being imposed by us for brokerage commissions on agency trades or markups or markdowns on principal transactions. Fees are billed quarterly in advance, and the Private Advisor Network fee schedule is negotiable based on the following schedule:

| <b>Total Account Value</b> | <b>Annualized Fee</b> |
|----------------------------|-----------------------|
| First \$250,000            | 2.00%                 |
| Next \$750,000             | 1.75%                 |
| Over \$1,000,000           | 1.50%                 |

**Execution Schedule** – You pay for Network services by paying commissions for each transaction in the account at our normal commission rate for such agency transactions and at the normal markup or markdown imposed on client accounts for principal transactions. You will also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees (among which SEC fees may be included), and any other fees required by law.

***Neither the Execution Schedule nor Fee Schedule includes the investment advisor fees of the third-party investment manager.*** The client pays for the investment manager services separately. You authorize us to pay the separate investment advisory management fee invoiced by the advisor by debiting the client account accordingly. It is the client's responsibility to determine if any such invoice from the investment advisor is proper or if the amount of fees charged is accurate. You may revoke C&C's authorization to pay the investment advisor fee at any time by written notice.

## **CustomChoice Fee Schedule**

CustomChoice accounts are charged an all-inclusive fee on eligible mutual funds that covers advisory, execution, custodial and reporting services. Fees are billed quarterly in advance; the standard CustomChoice fee schedule is based on program eligible mutual funds:

| <b>Total Account Value</b> | <b>Annualized Fee</b> |
|----------------------------|-----------------------|
| First \$250,000            | 2.00%                 |
| Next \$750,000             | 1.75%                 |
| Over \$1,000,000           | 1.50%                 |

You should be aware that any of the above program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in absence of the extra advisory service provided. Our fee schedules listed above may be subject to negotiation depending on a range of factors including, but not limited to account size and overall range of services provided.

You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged

periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the programs described here will be paid to C&C Financial Advisors in connection with the introduction of accounts, as well as for providing client-related services within the programs. This compensation may be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered.

Unless agreed upon otherwise, you authorize us to deduct a quarterly fee calculated at the rate indicated in the Fee Schedule for that program from your account, in advance. For the purposes of calculating program fees, "total account value" shall mean the sum of the long and short market value of all securities and mutual funds, if applicable. In valuing the account, we will use the closing prices or, if not available, the lowest published "bid-price" and if none exist, the last reported transaction if occurring within the last 45 days. For mutual funds, we use the fund's most current net asset value, as computed by the fund company. In so doing, we will use information provided by quotation services believed to be reliable.

The initial fee is calculated as of the date that the account is accepted into the program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the eligible program assets in your Account, and C&C shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds.

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

### **Risk in the Use of Margin**

To the extent margin is used in your account, you should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee you are charged. The increased asset-based fee may provide an incentive for your Financial Advisor to recommend the use of margin strategies. The use of margin is not suitable for all investors, as it increases leverage in your account and therefore risk.

### **Other Account Fees**

The advisory fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law. Cash balances in an Account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.



Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and may be charged to your account separately. As more fully described in the fee schedules above, the fees you are charged may be different, depending on the asset type invested by the account.

Your Financial Advisor may suggest that you use other products and services that C&C offers, but that are not available through the program you select ("Excluded Assets"). Excluded Assets are not charged a program fee and are not considered a part of the program or program services. We generally recommend that you hold these Excluded Assets in a separate brokerage account. If an excluded fund purchased for or transferred into your account later becomes eligible for the program, program fees will apply to that fund and it may become subject to the rebalance trading system. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which may include (i) any dealer markups and odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than WFA and its affiliates and fees for other products and services that we and our affiliates may offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby C&C or your Financial Advisor may receive additional compensation on these Excluded Assets.

### **Cost of Investing in Mutual Funds**

In addition to program fees, as a shareholder of a money market, mutual fund or closed-end fund, you will bear a proportionate share of the fund's expenses, including investment management fees that are paid to the fund's investment advisor. C&C may receive fees from these mutual funds or closed-end funds. For more complete information about these funds, please refer to the respective fund prospectus.

You should be aware that you may invest in Money Market Funds or Mutual Funds directly without incurring the fee charged for participation in a program. In addition, certain institutional investors may directly purchase a class of shares of certain money market funds or funds that do not charge shareholder services, sub-accounting or other related fees. If you do, however, you will not receive the various program services provided under the advisory program, and some mutual funds may impose a sales load on direct investments. You will receive a prospectus for each money market and mutual fund purchased, as required by securities regulations.

C&C or our service providers may collect such fees directly or indirectly from some or all of the mutual funds in which you invest, and we may pay any such fees received to C&C's Financial Advisors. The amount of the fees we or your Financial Advisor receive will vary, depending on the percentage paid pursuant to a fund's Rule 12b-1 plan.

Certain Funds make multiple no-load, institutional, advisory or load-waived share classes available for purchase through investment advisory programs. These share classes may be available only through C&C investment advisory programs and have different and lower shareholder servicing, sub-accounting, investment management and 12b-1 fees and charges from other shares classes offered by those Funds. As a result, some clients may have purchased these lower-cost institutional share classes, while others may have purchased a non-institutional share class.

## Account Termination

Your account agreements may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-cancelling party, less reasonable start-up costs.

If you choose to terminate your agreement with any of our investment advisory programs, we can liquidate your account if you instruct us to do so. If so instructed, we will liquidate your account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

We will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

If an advisory program account is terminated, but you maintain a brokerage account with us, the money market fund used in a "sweep" arrangement may be changed and/or your shares may be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your account after the termination of program services.

## Item 5 Account Requirements and Types of Clients

### Account Requirements

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. Please see the chart below, as appropriate, to determine the minimum account sizes permitted.

| <u>Program Name</u>           | <u>Minimum Account Size</u>              |
|-------------------------------|--|
| Private Advisor Network       | \$100,000 – subject to Manager's minimum |
| Private Investment Management | \$50,000                                 |
| Asset Advisor                 | \$50,000**                               |
| Custom Choice                 | \$25,000                                 |

\*\*\$25,000 effective May, 2011

## **Types of Clients**

C&C provides advisory services to individuals, pension or profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **ITEM 6 Portfolio Manager Selection and Evaluation**

If you invest in the Private Advisor Network program, your Financial Advisor will consult with you to determine your investment objectives and risk tolerance for the account to select from the third-party managers cleared for use within the program. More than 300 third-party managers have completed initial admission requirements in order to participate in the Private Advisor Network program. The manager is selected based on your individual needs and objectives. Oftentimes, the third-party manager has previously had a relationship with the clients that choose this program.

There are a variety of factors that may trigger a review and possible replacement of third-party managers as agreed upon by you and your Financial Advisor, including but not limited to manager performance, investment style or asset selection, market conditions, senior management changes, etc.

Performance reports provided for the advisory programs are automatically generated by WFA and or the third-party manager of the account. These reports are periodically reviewed as part of our routine surveillance and compliance programs. C&C believes the calculations to be accurate; however there is no separate verification or analysis that is performed to validate the accuracy of the performance numbers you receive. Additionally, it is possible that the performance information may not be calculated on a uniform and consistent basis.

C&C's Financial Advisor acts as the portfolio manager for the following programs: Asset Advisor, Private Investment Management and CustomChoice. The decision to invest in any of these programs and to use our Financial Advisor as the portfolio manager for your account is exclusively decided upon by you. When using a C&C Financial Advisor as the portfolio manager, there is a potential conflict of interest in that a larger portion of the advisory fee is paid to the Financial Advisor than when a third-party manager is involved in the advisory account.

C&C Financial Advisors provide personalized investment management, and in certain circumstances, personal financial planning services may be included. Our Financial Advisor works with you to identify your investment goals to develop a financial plan or investment strategy based on your risk tolerance, time horizon and overall investment objectives. You are allowed to place reasonable restrictions or special requirements on your account (i.e. to limit or exclude investments in specific stocks, leave a certain portion of the account in cash or cash equivalents, etc.) These limitations must be agreed upon by both you and the Financial Advisor and accepted by C&C.

**Performance Based Fees and Side-by-Side Management** – C&C does not offer any investment advisory services where fees are based exclusively on performance.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

C&C advisory programs provide access to a wide variety of investment strategies and styles. Individual, customized asset management, asset allocation and model portfolios are available. The specific program that is chosen will determine the types of investments that are used (i.e. stocks, bonds, ETFs, etc.), strategy and style (i.e. value, growth, passive, active, etc.).

A variety of informational resources are used to perform the security analysis, again dependent on the manager and respective program that is chosen. C&C Financial Advisors may use fundamental and/or technical methodologies and would potentially subscribe to information providers that focus on those areas (i.e. Dorsey Wright may be used to help analyze a stock or mutual fund from a technical perspective. Alternatively, Morningstar may be used to focus more on the fundamentals of a particular stock or mutual fund.) C&C has access to a variety of institutional research, such as Standard & Poor's, Credit Suisse, Wells Fargo Securities, Sanford Bernstein and others. Additionally, Financial Advisors may subscribe to specific financial periodicals, as well as review corporate filings made with the SEC.

PIM and PAN programs provide the Financial Advisor and/or third-party manager with discretion over the trading decisions in your account, with no obligation to contact you prior to the transaction. Certain programs may offer you a choice between allowing your manager discretion or not, as agreed upon between you and the account manager (i.e. CustomChoice). Asset Advisor is strictly available on a non-discretionary basis. When utilizing a program that offers third-party managers, these managers may use a variety of model portfolios. The Financial Advisor introduces you to, and advises on the selection of independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies.

**All investments entail risk and the possible risk of loss.** Some investment strategies may incur higher expenses in an effort to fulfill their strategy mandates (i.e. tactical allocation, which often incurs frequent trading, foreign trading, high yield bonds, etc.). The increased tax consequences and trading costs associated with these strategies will have an impact on the final return of the investment.

### **Voting Client Securities**

C&C does not vote your securities. In most instances, when utilizing a third-party manager or mutual fund manager, the manager overseeing your account will vote your proxies. Please refer to the manager's ADV Disclosure Brochure to determine their policy and procedures when voting client proxies. You can obtain a copy of your mutual fund's proxy voting policies online through the fund company website, or by reviewing fund documents filed with the SEC at [www.sec.gov](http://www.sec.gov).

## **ITEM 7 Client Information Provided to Portfolio Managers**

You must complete an Account Profile with the assistance of your Financial Advisor. The Account Profile outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. We will ask you in writing, at least annually, to update your account information and indicate if there have been any changes in your financial situation, investment objectives or instructions. You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your Financial Advisor will be reasonably available to you for consultation on these matters, and will act on any changes deemed to be material or appropriate as soon as practical after we become aware of the change.

## **ITEM 8 Client Contact with Portfolio Managers**

Your contact for information and consultation regarding your program accounts is your Financial Advisor. In certain instances, your Financial Advisor may coordinate a response with the Portfolio Manager (if applicable) or arrange for you to consult directly with the Portfolio Manager.

## **ITEM 9 ADDITIONAL INFORMATION**

### **Disciplinary Information**

None

### **Other Financial Industry Activities and Affiliations**

In addition to providing investment advisory services, C&C also operates as a securities registered broker-dealer, regulated by the Financial Industry Regulatory Authority (FINRA) as well as an insurance agency. The majority of C&C Financial Advisors are licensed as a registered representative with the broker-dealer division, as an investment advisor representative with the investment advisor division and as an insurance agent with the insurance division.

There are potential conflicts of interest that may arise as a result of the firm and its representatives acting in an investment advisory, broker-dealer and insurance agency capacity. Additionally, William Meyer and Deborah Castiglioni have ownership interest in the firm, and may subsequently benefit from the various administrative, servicing and handling fees charged on advisory accounts.

A Financial Advisor, when operating as a registered representative or insurance agent, may sell you products that generate commissions. An example of such products would include, but not be limited to, when executing a brokerage transaction for your non-advisory account, or when you purchase an insurance or annuity product. This may create a conflict of interest, as the Financial Advisor has a monetary incentive to sell products which you may not need in order to generate a commission. We believe these potential conflicts are adequately addressed by C&C supervision over the insurance and securities activities performed by our Financial Advisors. A C&C supervisor will review the product purchase or sale in an effort to verify the transaction is appropriate for you.

### **Code of Ethics and Personal Trading**

The C&C Code of Ethics requires certain reporting, disclosure and approval requirements for personal securities transactions by C&C Financial Advisors. These policies were created in an effort to prevent actual or potential conflicts of interest with transactions that have been recommended to clients. The Code of Ethics applies not only to transactions by the Financial Advisor, but also to transactions in accounts in which such person has a beneficial interest, such as the account(s) of the Financial Advisor's spouse or minor children. Insignificant positions (i.e. purchases or sales of 2,000 shares or less of any security – or options thereon – that is part of the S & P 500 Index or 1,000 shares or less of any security that trades on any other index or exchange) are exempt from the prohibitions outlined in the Code of Ethics.

C&C will provide a complete copy of our Code of Ethics upon your request.

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

C&C and our Financial Advisors may from time to time purchase or sell securities that are also held by our clients. This presents no conflict of interest, as the securities are widely held and publicly traded. Client trades are given priority over trades executed for the benefit of C&C or C&C Financial Advisors.

C&C and our Financial Advisors are prohibited from “trading ahead” of client orders (otherwise known as “front running”). We may, however, purchase or sell a security as part of a block, or bunched transaction (i.e. in conjunction with client orders where all investors receive the same average price). Additionally, due to the variety of advisory programs available, and their various styles and objectives, it is possible that one Financial Advisor may be selling a security that another Financial Advisor is buying. In our view, this does not present a conflict of interest, as the securities are generally highly liquid and publicly traded, as well as the fact that trading activities by one advisor are not known by the other and this instance would occur only by coincidence. The Financial Advisors are allowed certain specific exemptions when trading for an account in which they have a beneficial interest, as outlined in our Code of Ethics.

C&C has an obligation to obtain the best execution pricing available for your transactions. The majority of our transactions are entered into the trading system provided to us by our clearing partners. However, C&C may direct orders to other market centers when better pricing is available. Additionally, C&C may execute your orders on a principal or an agency basis.

A principal trade occurs when you purchase or sell a security through C&C’s inventory account. There may or may not be a mark-up (purchases) or mark-down (sales) included in principal transactions. If the C&C Financial Advisor determines that a security is appropriate for you that requires the purchase or sale to be conducted on a principal basis, you will be asked to provide written consent to the transaction at or prior to the time of the trade, and the mark-up or mark-down, if any, will be fully disclosed at that time.

An agency cross transaction occurs when C&C acts as the agent for both the buyer and the seller of a specific security. Oftentimes the ability to cross the transactions for each party will provide a better execution price for both parties to the transaction than if either executed their orders independently. In the event of an agency cross transaction, the C&C Financial Advisor may charge a commission on one or both sides of the transaction, depending on the relationship with the client. You will be notified in the event C&C is acting as an “agent for both the buyer and the seller” and any compensation will also be fully disclosed. You will be asked to provide written consent to the agency cross transaction prior to or at the time of execution of the trade.

### **Review of Accounts**

You will receive periodic account statements (not less frequently than quarterly) from your account Custodian. These statements generally contain a listing of account assets and values as of the closing date of the statement. Additionally, the advisory programs provide quarterly performance reports that will include the account value, performance results, statistical data related to the account, etc. and are made available either electronically or via mail. We urge you to carefully review these reports and compare the

statements that you receive directly from the individual custodian(s) with any reports that you receive that provide a compilation or summary of your investment holdings and performance results.

The frequency of in-person or telephonic reviews is individually negotiated between you and your Financial Advisor. C&C's Chief Compliance Officer, or their delegate, will perform periodic account reviews to verify trading and investment selection are appropriate for you based on the stated investment objectives and risk tolerance for your account. These reviews will be performed, but not be limited to, using exception reports provided to us by the Clearing Agent, which include trading activity in an account that exceeds predetermined parameters, specific types of securities being purchased (i.e. stocks that trade at \$5/share or less, options, etc.), investments in a single stock purchase that exceed specific dollar thresholds, etc.

### **Client Referrals and Other Compensation**

C&C may, subject to negotiation with our third party managers, receive certain allowances, reimbursements or services in connection with C&C's investment advisory services provided to you. These allowances and/or reimbursements are described below.

Depending on the relationship with the third party advisor, C&C and/or C&C Financial Advisors may receive business development allowances that provide for reimbursement for some or all of either C&C or C&C's Financial Advisors qualified marketing/practice management, advertising and/or client event expenses incurred. Financial Advisors may also be eligible to attend annual conferences or conduct due diligence visits to further evaluate our third-party advisory partners. These trips may be subsidized all, or in part, by the outside advisory partner. Typically the third-party advisory partner will provide payment to cover the airfare, hotel expense, dinners and possibly an entertainment event (i.e. concert, theater or sporting event) for the Financial Advisor's attendance. These trips are not contingent on specific sales targets being met, contests or any other requirement to promote a specific product or service. Additionally, third-party advisory partners may provide C&C or C&C Financial Advisors with education, training and marketing support for their programs.

Your account may be introduced to C&C by an unaffiliated solicitor. C&C may pay that solicitor a referral fee in accordance with appropriate state securities laws and the SEC's Rule 206(4)-3 of the Investment Adviser's Act. Any referral fee shall be paid solely from C&C's management fee, and shall not result in any additional charge to the client. If a client is introduced to C&C by an unaffiliated solicitor, the unaffiliated solicitor shall provide you with a copy of our most recent disclosure brochure, as well as a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including compensation arrangements.

# PRIVACY POLICY

**Information We Collect** – We collect non-public personal information about you from the following sources:

- Information obtained directly from you when opening an account or purchasing a financial or insurance product from us (for example; name, address, social security number, income, assets, investment experience, medical history, etc.).
- Information may also be acquired from our representatives, as well as third parties such as; retirement plan sponsors, mutual fund and insurance companies, your former broker-dealer or its registered representative, clearing firms and consumer reporting agencies.

**How Your Information is Used** – Cutter & Company discloses non-public personal information to nonaffiliated companies that work for us in providing financial/insurance products and services to you. For example, we share non-public personal information with our clearing firm, which serves as the custodian of your brokerage account(s) and prepares confirmations and statements for our client accounts. We also share your data with insurance and mutual fund companies when you apply for or invest in their products.

*In the event the financial representative servicing your account leaves us to join another broker-dealer, the representative is permitted to retain copies of your information so that he or she can assist with the transfer of your account and continue to serve you at their new firm. The representative's continuing use of your information will be subject to the new firm's privacy policy.*

In addition, we disclose information, as permitted or required by law, to government and regulatory agencies such as the Securities and Exchange Commission (SEC) and the Internal Revenue Service (IRS). We will disclose data as required to comply with legal summons, court orders, subpoena or similar legal process. Cutter & Company does not sell or rent personal information to any third party. Our service providers only use your information in connection with the services they perform for us and not for their benefit.

**"Opting-out" of Third Party Disclosures** – Except in States that require the customer to Opt-In, please notify us if you do not want us to share your information (other than as prescribed by law) with any nonaffiliated third parties, including the registered representative servicing your account if he or she leaves us to join another firm. You may contact our Compliance Department by calling our toll-free number: 1-800-536-8770 or by mail at the address indicated below.

**Confidentiality and Security Procedures** – We have physical, electronic and procedural safeguards reasonably designed to protect your non-public personal information. Our employees, representatives and affiliates who have access to your information are required to follow firm procedures to keep your information secure.

**Contact Us** – We appreciate your continued business and look forward to serving you. If you have any questions regarding our Privacy Policy, please visit our office, contact your personal financial advisor or visit our website at [www.cutterco.com](http://www.cutterco.com). You may also contact us in writing at:

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