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Burnham Securities Inc.  
1325 Ave. of the Americas, 26<sup>th</sup> Floor  
New York, NY 10019  
212-262-3100  
<http://www.burnhamfinancial.com>

March 28, 2013

This brochure provides information about the qualifications and business practices of Burnham Securities Inc. (“Burnham Securities” or “BSI”). If you have any questions about the contents of this brochure, please contact us at 212-262-3100. 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.

Burnham Securities 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 Burnham Securities also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Material Changes

This brochure dated March 28, 2013 is a document prepared according to the SEC's requirements and rules.

This Item discusses only specific material changes that were made to the brochure and provides clients with a summary of such changes since the last annual update of our brochure on March 30, 2012.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material 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.

There were no material changes to Burnham Securities Inc.'s business since our last brochure in March 2012.

Currently, our brochure may be requested by contacting Thomas Calabria, in our Compliance Department, at 212-262-3100.

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## Advisory Business

Burnham Securities ("BSI" or the "Adviser") is a registered investment advisor, broker-dealer and member of FINRA founded in 1989. We are wholly owned by Burnham Financial Group, a privately owned, independent holding company. Burnham Financial Group also wholly owns Burnham Asset Management Corp. ("Burnham Asset Management" or "BAM"), a registered investment advisor, therefore BAM is an affiliate of BSI. BSI, as a broker-dealer, also serves as the principal underwriter to Burnham Investors Trust, a family of registered mutual funds (the "Funds").

BSI provides advisory services to clients pursuant to account agreements. All of the accounts for which BSI provides investment supervisory services are brokerage accounts for which a registered representative of BSI has trading authority, or "discretion." Account agreements with clients and trading authority from clients are generally terminable by clients upon notice to BSI.

BSI provides investment advisory and related services that are grounded in distinct long-term strategies that we believe match a client's specific investment objectives. BSI remains attentive to day-to-day market shifts, striving to manage risk in your portfolio. As your advisor, BSI is available to counsel you on the complex issues associated with growing, preserving and transferring wealth to create a legacy that reflects your personal goals. Investments may include, without limitation, exchange-listed, over-the-counter, domestic and foreign equity securities; warrants; commercial paper and other corporate debt securities; certificates of deposit; municipal securities; mutual fund shares; US government securities; options on securities and investments in private funds.

BSI offers discretionary accounts to individuals and institutions. Accounts are individually managed. Each client selects the BSI registered representative that the client desires to manage their account. Partnering with our clients, we develop and act on ideas and strategies for creating value and building wealth while respecting any restrictions you might impose with respect to investing in particular securities or types of securities. Clients typically give BSI investment discretion and authority to manage their account to the fullest extent permitted by law, including the purchase and sale of any securities or other financial instruments, the borrowing and lending of such securities and instruments and any other transactions in such securities and instruments, unless the client specifically directs otherwise by notice to BSI, provided, however, that transactions in client accounts shall be made in accordance with the written investment objectives, policies and guidelines as may be provided from time to time by a client by notice to us.

As of January 31, 2013 BSI had 197 discretionary accounts valued at \$88,966,607.

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## **Fees and Compensation**

All of the accounts for which BSI provides investment supervisory services are brokerage accounts for which a registered representative of BSI has trading authority, or "discretion". The accounts are charged commissions or mark ups/mark downs based on transactions executed in the account. Commission rates are based on normal rates of the BSI's commission schedule and are based on quantity and price of the security at the time of transaction. Fees (commissions) may be negotiable in some circumstances.

Commissions are BSI's primary compensation.

BSI's registered representatives generally receive a portion of commissions generated on client's transactions executed by BSI. Accordingly, these payments create a conflict of interest for the registered representative. BSI monitors accounts to watch for active trading. The Compliance Department review includes monitoring for excessive trading in your account.

If the Adviser invests its clients in a Burnham Investors Trust fund, Burnham Asset Management, an affiliate of BSI, receives an advisory fee.

## **Performance-Based Fees and Side-By-Side Management**

Employees of BSI that advise client accounts also provide investment advice to private investment funds or separately managed accounts that are not products of BSI. These employees accept performance based fees from the private investment funds and non-affiliated managed accounts. BSI has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent conflicts in trading between the client accounts and the private investment funds.

See "Other Financial Industry Activities and Affiliations" below.

## **Types of Clients**

Burnham Securities provides portfolio management services to individuals (including trusts, estates, 401(k) plans and IRAs), high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, corporations and other business entities.

BSI generally does not have a minimum investment requirement for its accounts.

Employees of BSI also provide investment advice to private investment funds and separately managed accounts that are not products of BSI. See "Other Financial Industry Activities and Affiliations" below.

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

### Investment Philosophy

Our approach to active asset management is based on a thorough discovery of your needs and aspirations. We begin by understanding your cash flow and liquidity requirements, tax situation, portfolio constraints and risk tolerance. Then, we nurture a relationship that allows us to really know you, your goals and dreams for your family and your passions for your business and life. With these insights at the forefront, we develop a comprehensive strategy for growing and seeking to preserve your assets that is as unique as you are. This may include consulting with you about your social and environmental values, mission or estate/philanthropic goals and spending guidelines as appropriate.

Based on your needs, goals and risk-tolerance, assets in managed account portfolios can be allocated among stocks, bonds and cash as appropriate to meet your long-term goals and tolerance for risk. Your portfolio is continually monitored and adjusted as we believe is needed.

All accounts are individually managed. Securities selection is based on client objectives, risk tolerance and income requirements.

### Investment Strategy

Our investment decisions are driven by the search for what we believe are the best in sector equities: those with an attractive business model, valuations and, where appropriate, dividend growth.

In fixed income investments, we take into account the quality of the issuer of the securities, duration, yield to maturity, the potential for ratings upgrade and refinancing, the industry outlook and we match the criteria with the client's preferences. We apply similar criteria to municipal bonds taking into account the quality of the credit and the borrower's ability to pay principal and interest.

The selection of securities will be based on the client's objectives, needs, assets and personal and family obligations and plans. Our registered representatives will consider the asset mix and types of investments to help the client achieve his/her objectives. Attention will also be paid to the client's tax situation (for example, if the client is a tax exempt entity) in determining whether to recommend tax-free securities and/or whether to recognize short or long-term gains and losses. Tax considerations, however, will not be the main reason for selection of securities and tax advice will not be given.

### Methods of Analysis, Sources of Information & Investment Strategies

BSI registered representatives use a variety of methods of analysis, sources of information and investment strategies. Each BSI registered representative determines his or her investment

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strategy to seek to achieve the client's investment objective in accordance with applicable investment guidelines. These objectives may include, for example, capital preservation, total return, after-tax total return, current income, after-tax income, balanced growth, growth, growth and income or capital appreciation. Guidelines may focus investments on specific categories of investments – e.g., specific industries, capitalization, indexes or regions. Security analysis methods used by BSI registered representatives may include charting and fundamental, technical or cyclical analysis. Sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by third parties, corporate rating services, timing services, filings with the Securities and Exchange Commission (“SEC”), corporate press releases, US government statistical reports and other information published by the US government. Registered representatives may engage in a variety of types of transactions, such as short-term trading, short term purchases, long term purchases, short sales, margin transactions and option writing to implement their strategies.

We generally recommend the long-term purchase of securities. However, a security may be sold within a year or even a few days if the registered representative believes a gain could be realized sooner in order to prevent or limit a loss in case of adverse changes in the security's or market's outlook.

In some accounts, purchases of covered puts or covered calls on stocks may be made, but generally not for speculative purposes. Rather, they would be utilized to protect against a loss should the market be expected to decline or as a method of participating more fully in a possible market advance if the portfolio were not committed fully enough in equities. It is not expected that any purchase of these securities would be a significant strategy in an account. This type of activity is not expected to be a major part of the Adviser's strategy.

### Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is no guarantee of future results.

All investments are subject to the following principal risks:

The value of securities in the portfolio will go up and down. Consequently the overall valuation of the account may decline and you could lose money. The stock market is subject to significant fluctuations in value as a result of political, economic, and market developments. If the stock market declines in value, the portfolio is likely to decline in value. Because of changes in the financial condition or prospects of specific companies, the individual stocks selected by BSI may decline in value, causing the account to decline in value. Investments are not deposits in a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The Adviser's investment approach may be out of favor at times, causing

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the strategy to underperform other strategies or funds that use different approaches to securities selection.

When BSI purchases equity securities primarily or exclusively in its investment strategies, clients are subject to the risk that stock prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments. Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate significantly from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of these companies' securities may decline in response. These factors contribute to price volatility, which is a principal risk of equity investing. In addition, many of the equity securities purchased by BSI are common stocks. Common stocks represent a share of ownership in a company, and rank after bonds and preferred stock in their claim on the company's assets in the event of a liquidation.

BSI may invest in fixed income securities, typically bonds. The principal risks of investing in fixed income may include interest rate risk, credit risk, prepayment risk and price fluctuation.

*Interest Rate Risk.* Bonds may decline in value because of changes in interest rates. If interest rates rise, bond prices usually decline. If interest rates decline, bond prices usually increase. If a bond is not held until maturity, you may experience a gain or loss when you sell your bond.

*Credit Risk.* An issuer could default in the payment of principal and/or interest on a bond.

*Prepayment Risk.* Some bonds are subject to prepayment risk, or the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule of the bond.

*Price Fluctuation.* Most importantly, you should be aware that bond prices may fluctuate, as the securities are affected by economic and other factors. As a result, the value of your investment may increase or decrease.

Bonds held to maturity will return the full principal amount to the bondholder upon maturity. However, those sold prior to maturity are subject to gain or loss depending on the market price at the time of sale.

The investments made by BSI will generate taxable income and realized capital gains or losses, so investors should consult with their tax advisors about the tax consequences of their investments.

Certain of BSI's investment strategies may focus their investments from time to time on one or more economic sectors, such as the financial sector. To the extent that it does so, developments



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affecting companies in that sector or sectors will likely have a magnified effect on the strategies investment return. A strategy's concentration in securities of a particular sector may subject it to more volatile price movements than a securities portfolio diversified across multiple sectors.

Certain of BSI's investment strategies are more concentrated, which means that they may invest in the securities of fewer issuers than a more diversified investment strategy. As a result, such strategy may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, and may experience increased volatility.

**Options Risks.** Investments in covered call options involve certain risks. These risks include limited gains and lack of liquidity of the underlying stock. Investments in covered put options involve certain risks. These risks include the risk of loss if fair value of the underlying securities declines and limited gains. There is no guarantee that a liquid market for options will exist for any option or at any particular time. If we are unable to effect a closing purchase transaction with respect to covered options we have sold, we will not be able to sell the underlying securities or collateral until the options expire or are exercised. Similarly, if we are unable to effect a closing sale transaction with respect to options we have purchased, we would have to exercise the options in order to realize any profit.

**Risk of Margin Accounts.** Margin exposes investors to the potential for higher losses. You can lose more money than you have invested; you may have to deposit additional cash or securities in your account on short notice to cover market losses; you may be forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and your brokerage firm may sell some or all of your securities without consulting you to pay off the loan it made to you.

Security analysis methods, including charting and fundamental, technical or cyclical analysis offer no guarantee of positive performance and are each subject to the risk that they could be misinterpreted.

### **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 Burnham Securities or the integrity of Burnham Securities' management. Burnham Securities has no information applicable to this Item in its capacity as an investment advisor.

Burnham Securities, in its capacity as a broker-dealer, has been the subject of the following disciplinary actions:

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In 2009 paid a \$5,000 fine for inaccurate reporting of certain bond trades on the TRACE system (buys versus sells) in 2008.

In 2007 paid a \$17,500 fine and was censured for failing to report certain transactions on the TRACE system within the required time.

In 2005 was fined \$7,500 and censured for failure to make timely reports of certain municipal securities transactions to the Municipal Securities Rulemaking Board.

In 2007 was fined \$6,000 and censured for failing to report the lower of yield to call or yield to maturity for transactions in TRACE eligible securities.

In January 2005, without admitting or denying the allegations, paid an \$85,000 fine and was censured for failure to create records reflecting the time of receipt and time of entry of certain mutual fund orders and failing to maintain a system to detect later trading of mutual funds.

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

The principal business of BSI is acting as a broker-dealer. BSI, in its capacity as a broker-dealer, may execute securities transactions for advisory clients. BSI, in its capacity as a broker-dealer, also acts as principal distributor of shares of Burnham Investors Trust.

Burnham Asset Management Corp., an affiliated investment advisor, provides investment advisory services to fee-based accounts and is investment advisor to each Fund in Burnham Investors Trust.

BSI may act as a broker or agent in the purchase and sale of securities for advisory clients where BSI can provide the best execution. Any such transaction will be effected in compliance with applicable laws and regulations. The commissions advisory clients pay to BSI may be, and in many cases are, higher than the commissions BSI would negotiate with a third party broker-dealer. In the case of OTC (over the counter) securities, if BSI went directly to a market maker, the client would pay a mark-up (down) on the transaction; however, since BSI executes OTC trades, the advisory client pays a commission to BSI in addition to any mark-up (down) that goes to the market maker. **When advisory clients pay higher commissions than could be negotiated with third party broker-dealers or pay commissions that could be avoided by going directly to market makers, it can result in BSI not providing best execution to clients in this category.** BSI's registered representatives may receive a portion of commissions generated on client's transactions executed by BSI. Accordingly, these payments create a conflict of interest for the registered representative.

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J.P. Morgan Clearing Corp. serves as the clearing broker for securities transactions executed by BSI. BSI receives brokerage commissions and transaction service fees from transactions for clients and the rate and amount of these commissions vary from client to client. Pursuant to the clearing arrangements between BSI and J.P. Morgan Clearing Corp., BSI is entitled to receive payments from J.P. Morgan Clearing Corp. on the average credit balance for clients that are invested in money market funds affiliated with J.P. Morgan Clearing Corp. (the payments currently range from 0.001% to 0.009% depending on the fund used and could increase in the future) and the average balance of uninvested cash in the client's brokerage accounts at BSI (payment is based on a percentage of the difference between the Fed funds rate and the interest rate paid to customers).

Paul Elliot, an employee at BSI, is the Managing Member of Elco Management Company LLC. Elco Management Company is a registered investment advisor and manages an energy-related hedge fund, a long/short hedge fund and separately managed accounts. BSI and/or BAM are reimbursed for certain expenses resulting from the sharing of office space with Elco Management Company. On occasion, Elco Management Company may execute trades through BSI, in which case BSI will receive a commission. In addition, BSI and employees of BSI may receive compensation for placement of shareholders in the Elco hedge funds. See "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

A registered representative may recommend that a client purchase shares of a mutual fund. BSI may receive a 12b-1 fee or a sales load from the sale of certain mutual funds or BSI may receive servicing or other payments in connection with its clients' investments in such funds. The registered representative may receive a portion of that revenue which results in a conflict of interest for the registered representative. BSI reviews investment activity in all discretionary accounts to make sure the investments are appropriate.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.**

BSI has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics provides standards of business conduct reflecting the fiduciary obligations of the supervised persons and requires that supervised persons comply with applicable securities laws. The Code of Ethics contains provisions designed to prevent access to material non-public information about securities recommendations and client securities holdings by persons that do not need such information to perform their duties. The Code of Ethics requires access persons to report all personal securities transactions and holdings on a periodic basis, to be reviewed by a compliance officer. All supervised persons at BSI must acknowledge the terms of the Code of Ethics annually, or as amended. BSI will provide a copy of the Code of Ethics to any client or prospective client upon request by calling 212-262-3100.

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BSI may, from time to time, recommend that certain clients purchase shares of a Fund for which BSI serves as the principal underwriter and BAM serves as an investment adviser. Prior to the client's investment in the Fund, BSI will provide such client with the Fund's current prospectus, which discloses the nature of BSI's affiliation with the Fund and the fees which BSI and its affiliates receive as a result.

BSI employees may recommend that clients may invest in the funds described in “Other Financial Industry Activities and Affiliations” above, other private funds or similar products (which may or may not be affiliated with BSI or its employees). In connection with a client’s investment in such a fund, the client will be provided with an offering document, which discloses the nature of BSI’s and any registered representative’s affiliation with the fund and any one time or on-going solicitation, referral, servicing or other fees payable to BSI or the registered representatives. A portion of such amounts may be paid to the registered representative. These payments create a conflict of interest for BSI and/or its registered representatives and other employees. BSI routinely reviews the trades in the private funds that are managed by BSI employees and compares them to trades in BSI accounts to determine whether BSI clients are receiving fair treatment.

In addition to client accounts, BSI manages money for the accounts of related persons. Officers and employees of BSI may, from time to time, purchase or sell securities that are recommended to clients. In order to avoid conflicts with trades for clients, BSI has adopted restrictions on personal securities trading by personnel of BSI, as discussed above. If a client account and a BSI employee trade in the same security on the same day, the employee will not receive a more favorable price. Because all accounts individually managed, it is possible that a registered representative may be buying a security for some accounts while a different registered representative may be selling the security for other accounts.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with BSI's obligation of best execution.

Principal and Related Transactions. BSI generally does not engage in principal transactions with its advisory clients – i.e., it does not buy securities for its own account from, or sell securities from its own account to, its advisory clients. Client securities are not generally sold to or bought from one BSI account to another (agency cross transactions). However, if BSI deems a principal or agency cross transaction in the best interest of its client, it may engage, or cause its client to engage, in the transaction, provided that the conditions to such transaction prescribed pursuant to the Investment Advisers Act of 1940 are satisfied. The conditions include obtaining client consent and providing appropriate disclosure of such transactions to the client and the transaction must be consistent with the investment policies of each participating client account.

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BSI recognizes the importance of protecting the non-public personal information of its clients when providing advisory and other services. Please contact BSI or visit its website at <http://www.burnhamfinancial.com> for more information on, or for a copy of, its privacy policies. BSI does not sell or provide non-public personal information of its clients for marketing purposes to others.

## **Brokerage Practices**

Clients have given discretionary authority in writing to a registered representative of BSI to determine the securities to be bought and sold. Commission rates are based on normal rates of BSI's commission rate schedule. This schedule is based on the quantity and price of the security at the time of the transaction. A discount may be negotiated.

Soft Dollars. From time to time, BSI may consider the provisions of research and statistical information in its selection of broker-dealers, to the extent such services qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934. Such selection may result in a higher fee than that charged by a broker-dealer who does not provide research. Such selection may be made if BSI determines that the commissions paid are reasonable in relation to the value of brokerage and research services provided, viewed in terms of the particular transaction or BSI's overall responsibility. Registered representatives receive reports on individual securities and industries and economic overviews and they participate in research conference calls. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations may be generated by particular clients or groups of clients.

Aggregated Orders. In seeking best execution, a portfolio manager may aggregate orders on behalf of his or her discretionary client accounts (each such account, for purposes of this discussion of aggregated orders, a "Participating Account"). BSI will allocate the securities purchased or sold in aggregated orders among Participating Accounts in a fair and equitable manner according to the following policy:

Before placing an aggregated order with a broker-dealer, BSI will produce a written aggregation statement that specifies the participating accounts and the amount of the order allocable to each ("Written Aggregation Statement").

If the order is completely filled, the purchases or sales will be allocated among Participating Accounts in the amounts reflected in the Written Aggregation Statement. If the order is partially filled, the purchases or sales will be allocated pro rata among Participating Accounts based on the amounts reflected in the Written Aggregation Statement. Notwithstanding the foregoing, if BSI must depart from the Written Aggregation Statement (e.g. to avoid odd lots or to avoid allocating too small numbers of shares to an account), BSI's Chief Compliance Officer is

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consulted and the order is allocated in a documented manner among the Participating Accounts in a fair and equitable manner. Each Participating Account will receive the securities purchased or sold in an aggregated order at the average share price for the entire aggregated order.

IPO Allocations. BSI allocates initial public offerings ("IPOs") only to accounts that have suitability and other characteristics as described below that make the IPO an appropriate and feasible investment ("Participating Accounts"). In making the determination of Participating Accounts, BSI takes into account, to the extent permitted by applicable law, whether a client has an account with the broker through which the shares are being purchased, the amount of trading the account has done with such broker and similar factors relevant to the operational feasibility of allocating shares to the client's account. Since BSI rarely participates in IPOs, while the mutual fund managed by BAM has trading accounts with third party brokers and these brokers from time to time may offer IPOs to such mutual fund, **it is likely that IPOs will be allocated entirely to such mutual fund and not to any accounts with similar investment objectives.** In the event that more than one account were to participate in an IPO, BSI would allocate the IPO investment among Participating Accounts on a pro rata basis according to the relative sizes of the orders determined for each Participating Account, provided that such allocations may be adjusted to avoid odd lots or allocating too small a number of shares to any account. Analogous procedures are followed in the event that BSI purchases any other security and the available supply is less than the number for which it would otherwise have placed orders.

BSI's Insider Trading policy prohibits any director, officer or employee from personally trading on non-public information, including confidential client information. BSI's Compliance Manual and Code of Ethics require all employees to comply with the federal securities laws, protect material non-public information, and report to BAM's Chief Compliance Officer any code of ethics violations. Violations of BSI's Code of Ethics can result in serious sanctions, up to and including dismissal from employment.

BSI employees are prohibited from accepting gifts of greater than \$100.00 from business contacts. All gifts, regardless of their value, must be reported promptly to BSI's Chief Compliance Officer. Reasonable entertainment of employees is permitted if not conditioned on sales of shares of BAM or BSI products or services, and if it is neither so frequent nor so extensive as to raise any question of propriety. BSI's Chief Compliance Officer and BAM's Chief Compliance Officer actively monitor compliance with these policies.

Leverage. Certain accounts may have margin accounts, which can result in leverage as permitted by client guidelines.

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## **Review of Accounts**

Each registered representative has primary responsibility for review of accounts that he or she manages. Therefore, the number of accounts assigned to each reviewer varies. Accounts are under continuous review to enable implementation of any changes in investment policy or in the fundamentals of a security held. Accounts are reviewed so that investments continue to meet client objectives.

The Chief Compliance Officer reviews client accounts and will consult with the registered representative if there are any questions or concerns resulting from the review.

The Chief Compliance Officer is responsible for the review and approval of the opening of any new account and the prompt review of any advisory client complaints.

Clients are furnished with scheduled reports of investment portfolios at least quarterly. Clients receive confirmation of transactions.

## **Client Referrals and Other Compensation**

Not Applicable.

## **Custody**

BSI does not retain physical custody of any client assets. Your funds and securities will be held with a broker-dealer, bank or other qualified custodian. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. BSI urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Any statements we may send you may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you have any questions, please contact us.

## **Investment Discretion**

BSI usually receives discretionary authority from a client in a signed trading authorization at the outset of an advisory relationship. The trading authorization gives BSI the discretion 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 any stated investment objectives, limitations and restrictions for the account as set forth in the account agreement or otherwise in writing by the client.

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### **Voting Client Securities**

It is BSI's general policy not to accept proxy voting authority for client accounts. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive proxy materials directly from their custodian or a transfer agent. BSI may provide advice to clients regarding the clients' voting of proxies.

### **Financial Information**

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