

**STACEY BRAUN ASSOCIATES, INC.**

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**This brochure provides information about the qualifications and business practices of Stacey Braun Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 226-7707 or [info@staceybraun.com](mailto:info@staceybraun.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.**

**Additional information about Stacey Braun Associates, Inc., also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 25, 2019**

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## **I. Advisory Business**

Stacey Braun Associates, Inc. (“Stacey Braun” or “we”) is a corporation organized under the laws of New York that has been in the investment management business since 1977. Stacey Braun is wholly owned directly or indirectly by its employees. Mr. Martin H. Wexler, who serves as President, Treasurer, Secretary and Director, is a principal owner of Stacey Braun.

As of December 31, 2018, Stacey Braun had approximately \$2,826,200,000 in assets under management on a discretionary basis and \$49,000,000 in assets under management on a non-discretionary basis.

Stacey Braun provides managed account services and financial planning services to individuals, pension and profit sharing plans, corporations and trusts, welfare, employee stock ownership plans, insurance trusts, foundations, annuity, apprenticeship and retraining, education, severance, unemployment, benefit and operating funds.

### *Managed Account Services*

Stacey Braun’s managed account services include providing continuous investment advice and/or discretionary investment management of client assets in accordance with each client’s individual investment objectives, requirements and constraints.

### *Financial Planning Services*

Stacey Braun offers financial planning services to individuals, primarily regarding asset allocation, mutual funds, insurance planning, IRA rollovers, retirement planning, debt management, budgeting, basic estate planning and tax preparation services. In most instances, a union or other membership benefits organization (each an “institution”) retains Stacey Braun to provide financial planning services to its members (“participants”). In other instances, institutions contract with Stacey Braun to make Stacey Braun’s financial planning services available for purchase by the institution’s individual members (each a “participant”). From time to time, institutions contract with Stacey Braun to present education seminars to individuals who may or may not be participants or existing clients of Stacey Braun. When Stacey Braun is retained by an institution or an individual participant purchases financial planning services, the participants are given access to Stacey Braun’s proprietary website and e-mail correspondence, educational group seminars as well as a predetermined amount of time per year for personal consultations in person or over the telephone or via web cam. Participants may separately contract with Stacey Braun to receive, at the participant’s expense, additional financial planning services, such as additional personal consultations and/or a comprehensive written financial plan or summary.

In connection with the services that Stacey Braun provides to certain employee benefit plans, Stacey Braun may provide financial planning services to plan participants through an independent consultant who is retained for that purpose. Stacey Braun will supervise the consultant’s performance of these services, which are provided at no additional cost to the client

or the participant. All participants who wish to make use of the Financial Services are asked to sign a disclosure document describing the scope of the services to be provided and the risks.

There is no obligation on the participant's part or Stacey Braun's part to implement the recommendations given as part of the financial planning services. The participant has the sole authority and responsibility to determine whether, when or how to implement any of the recommendations. The participant may choose, but is not required to implement all or part of the recommendations through an affiliate, Stacey Braun Financial Services, Inc. ("SBFS"), which may provide brokerage services to the participant that are separate and distinct from the financial planning services. If the participant chooses to use the services of SBFS, the participant will receive a separate agreement and disclosure document governing the terms and conditions of any services provided by SBFS.

### *Wrap Fee Program*

Stacey Braun sponsors a wrap fee program in which clients pay a single asset-based fee which covers both our investment advisory fees and certain transaction costs for trades executed by Charles Schwab & Co., Inc. ("Schwab"). Our other discretionary accounts pay for these costs separately. We receive a portion of the wrap fee paid by participating clients for our investment advisory services, and we pay a portion of the fee to Schwab for its services as the executing broker. Depending upon the circumstances, a client who participates in the wrap fee program may end up paying more or less than they would if they purchased the services separately.

We manage our wrap fee accounts in a similar manner to our other discretionary accounts. We have the authority to determine the security and the amount of the security that will be bought and sold, and the price at which the transaction will be effected, without obtaining the client's consent for each trade. We adhere to investment guidelines and limitations established by the clients. We are also subject in various accounts to limitations on the quantity or percentage of securities to be bought or sold in designated accounts. The principal difference is that, in the wrap fee program, it is expected that a large portion of equity trades we make for clients will be executed with Schwab, because the transaction costs for such trades are included in the clients' wrap fees, whereas for our other discretionary accounts we select broker-dealers with which to execute client transactions as described in Section IX, below. In addition, we may not be able to aggregate purchase or sale orders for wrap fee accounts with orders for our other clients. In cases where we are unable to do so, Stacey Braun will follow procedures that we believe will ensure that each client is treated fairly, consistent with seeking best execution, by alternating the opportunity to trade first between the two types of accounts using a methodology that we believe is fair to the clients. For more information about Stacey Braun's wrap fee program, please ask for our Wrap Fee Program Brochure.

## **II. Fees and Compensation**

The specific manner in which Stacey Braun charges fees is established in each client's written agreement with Stacey Braun. Fees for Stacey Braun's managed account services and financial planning services are negotiable and are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients who receive managed account or financial planning services may incur certain charges imposed by

custodians, brokers and third party investment advisors such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Stacey Braun's fees for managed account and financial planning services, and Stacey Braun shall not receive any portion of these commissions, fees, or costs.

Section IX of this brochure describes the factors that Stacey Braun considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### *Managed Account Services*

Fees for Stacey Braun's managed account services are based on a percentage of the market value of each account's assets under management. The maximum annual fee schedule, payable quarterly, is as follows:

First \$20 million	1 %
Next \$20 million	3/4 %
Next \$20 million	1/2 %
Over \$60 million	3/8%

While the above is the maximum fee schedule, fees are negotiated with each client and may vary based upon services provided and other factors. One fourth of the annual fee is assessed to each client quarterly. Some clients are billed at the beginning of each quarter for which services are provided and others are billed at the end of such quarter, in accordance with the agreement with each client. No fee is payable until Stacey Braun renders an invoice to the client. Such invoice is accompanied by a computer valuation of the assets upon which the computation of the fee is based.

If authorized by a client, Stacey Braun may bill fees directly to the client's account, with a copy of the bill going to the client, and such fees would be paid from that account by the client's custodian. The custodian will send quarterly and/or monthly statements showing all transactions in the account, including fees paid to Stacey Braun, directly to such clients. Stacey Braun will receive either paper or electronic copies of custodians' statements.

Any client whose assets are invested in money market funds, mutual funds or exchange traded funds, where a management fee is assessed as an expense, are in effect paying two advisory fees. Clients pay an investment management fee to Stacey Braun based on the total amount of assets under management, including money market fund, mutual fund and exchange traded fund investments, and in addition, pay a management fee to the money market fund, exchange traded fund or mutual fund investment adviser.

Clients may terminate the investment advisory relationship with Stacey Braun at any time upon written notice to Stacey Braun. A pro rata portion of the fee paid by the client will be remitted to the client based on the number of days left in the quarter following receipt of notice of termination by Stacey Braun. Such termination, however will not affect the liabilities or obligations of the parties under the investment advisory agreement arising from transactions initiated prior to the termination, including payment of any outstanding fees, which shall survive any expiration or termination of the agreement. Notwithstanding the above, a client may terminate the investment advisory agreement without penalty within 5 business days after the agreement has been signed by the client and accepted by Stacey Braun.

### *Financial Planning Services*

Fees for Stacey Braun's financial planning services are negotiated with each institution based upon the number of participants, the services provided, and other factors. In general, an individual participant is charged an annual fee for access to the services described above and/or an institution is charged an annual per participant fee for retaining Stacey Braun and receiving access to Stacey Braun's website, e-mail correspondence and a predetermined amount of time per year for financial consultations for its participants. The amount of this annual fee may vary. From time to time, institutions may retain Stacey Braun to provide educational seminars for a fixed fee, negotiated based on attendance at the event, services provided, and other factors.

Financial Planning Services for institutions, the annual fee is stated as a dollar amount in the agreement between Stacey Braun and the institution, and in no event will the annual fee for institutions exceed a maximum of \$100 per participant of an institution. The annual fee is assessed to the institution either on a quarterly basis or annual basis. Some institutions are billed at the beginning of each quarter/year for which services are provided and others are billed at the end of such quarter/year, in accordance with Stacey Braun's agreement with each institution. In the event that an institution terminates its relationship with Stacey Braun, the fee will be assessed pro rata for the period of time during which Stacey Braun provided financial planning services.

Financial Planning Services for individual participants, the annual fee is stated as a dollar amount in the agreement between Stacey Braun and the participant's respective institution, as well as the Financial Counseling Program Enrollment Form executed by the participant, and in no event will the annual fee charged to a participant exceed a maximum of \$750 per year. The fee for individual participants is assessed on an annual basis. Some participants are billed at the beginning of each year for which services are provided, some are billed at the end of such year and some are billed based on the first day the eligible participant utilizes the service (a rolling 365 calendar year) in accordance with Stacey Braun's agreement with each institution. Some institutions collect the annual fee via payroll or pension deductions and remit the collected fees to Stacey Braun on a monthly basis. In the event a participant terminates its relationship with Stacey Braun, the fee will be assessed pro rata for the period of time during which Stacey Braun provided financial planning services.

In addition to the annual fee payable by each institution or individual participant, participants are charged fees individually if they contract separately for additional financial planning services. This would occur after a participant has exhausted his or her allotted consultation time or if he or she requested financial planning products not covered by the agreement with the participant's

institution. The fees payable by participants of an institution for additional financial planning services will be negotiated by Stacey Braun and each institution, and are not negotiable by individual participants. The fees charged to each participant will be set forth with particularity in the contract between the participant and Stacey Braun. The fees will be calculated per consultation, with a maximum consultation fee of \$750. Because the participant fees are charged as services are rendered, none of the participant fees are refundable. In some instances, an institution may agree to pay Stacey Braun a portion of the fee otherwise payable by the participant. In that case, the amount of the fee payable by the participant will be reduced by the amount paid by the institution.

Participants may terminate the financial counseling relationship with Stacey Braun at any time upon written notice to Stacey Braun. Such termination however, will not affect the liabilities or obligations of the parties under the financial counseling agreement incurred prior to such termination, including payment of any outstanding fees and the provisions regarding arbitration, which shall survive any expiration or termination of the agreement.

During the provision of financial planning services, Stacey Braun may provide additional investment advisory services to the participant and Stacey Braun Financial Services, Inc. (“SBFS”) may provide brokerage services to the participant that are separate and distinct from the financial planning services. There is no obligation on the participant’s part or Stacey Braun’s part to implement the recommendations given as part of the financial planning services. The participant has the sole authority and responsibility to determine whether, when or how to implement any of the recommendations. The participant may choose, but is not required to implement all or part of the recommendations through an affiliate, SBFS, that will be acting as a broker-dealer. SBFS is not registered as an investment advisor and does not provide investment advisory services. Any investment advice that SBFS provides will be solely incidental to its brokerage services. The participant will receive a separate agreement and disclosure governing the terms and conditions of any of the other services provided by Stacey Braun or SBFS. Certain of the principal executive officers of Stacey Braun also are officers and/or registered representatives of SBFS. As such, these individuals may effect mutual fund and/or insurance product transactions for financial planning participants for which SBFS receives separate and customary compensation.

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

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

### **IV. Types of Clients**

Stacey Braun provides investment advice to individuals, pension and profit sharing plans, corporations and trusts, welfare, employee stock ownership plans, foundations, annuity, apprenticeship and retraining, education, severance, unemployment, benefit and operating funds. The minimum account size is \$1 million, which may be waived at Stacey Braun’s discretion.

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

### Analysis & Investment Strategies

Stacey Braun uses fundamental and technical methods for securities analysis. In general, the formulation of investment strategies begins with a projection of the economic outlook and of interest rates. Based upon these projections, broad allocations of asset category objectives (as to equity, debt and cash reserves) are formulated. These objectives are then reviewed in light of the specific requirements and/or constraints of each individual account.

Securities are then selected for purchase or sale in specific accounts. The principal sources of investment information which are utilized are:

- Research and economic reports rendered by brokerage firms;
- Investment service publications;
- Information issued by companies (*i.e.*, annual and quarterly reports, prospectuses, filings with the SEC and press releases);
- Coverage by securities salesman who highlight the investment opinions of their research departments supplemented by our conversations with security or economic analysts and/or company management;
- Attendance at meetings or seminars or presentations or webinars in which company management, economists and industry analysts participate;
- Participation in conference calls originated by the management of companies;
- Information published by companies on their Internet Website;
- Review of financial, business and general interest publications; and
- Internally generated research based upon data obtained from computer based services such as Bloomberg, Fiserv/APL, Factset, etc...

The fixed income assets of most accounts under Stacey Braun's management have a range of maturities which is subject to revision based upon changes in the economic outlook and/or circumstances of the particular account and Stacey Braun's projections concerning interest rates. Our fixed income strategy is designed to provide safety of principal, predictable and stable income, and possible capital appreciation. We utilize a "top down" analysis to achieve this strategy, which is predicated on our economic forecasts and interest rate projections. Our team of Portfolio Managers structures a portfolio, using high quality debt instruments (short, intermediate, and long term bonds) while adhering to a portfolio's specific investment guidelines. We determine security selection, buy/sell decisions, duration and yield curve positioning as well as sector weightings based upon our macroeconomic and interest rate projections. We only purchase liquid, high quality securities. We do not invest in derivatives, or high yield bonds. We select corporate fixed income securities after a comprehensive review of a particular issuer's interest coverage ratio, capitalization ratio, and study of balance sheets and research reports.

In our equity strategy, we utilize a "sector neutral" bottom up analysis, which closely aligns our sector weightings to those of a benchmark index. Our performance relative to the benchmark has been achieved through stock selection and analysis. Our equity portfolios consist of a diverse



group of stocks selected through fundamental and technical analysis. This analysis focuses on balance sheets, income statements, valuations (price to earnings ratios lower than their peers, price to earnings ratios lower than their respective growth rates), superior management as well as the particular security's ability to meet or exceed revenue and earnings estimates. Securities that are chosen through this analysis are then compared to their peers before purchase. The elimination of sector risk relative to the benchmark is the cornerstone of our strategy to outperform the market while exposing our portfolios to less risk and volatility.

In our balanced strategy, our goal is to maximize the portfolio's total return by allocating assets between stocks, bonds and cash equivalents predicated upon economic, interest rate and financial market projections. This balanced strategy is a combination of our fixed income and equity strategies and is based on an active, flexible discipline that utilizes the expertise and experience of Stacey Braun's portfolio managers.

Stacey Braun's review for initial public offerings ("IPOs") begins with the fundamental analysis of the subject company's financial statements contained in the preliminary prospectus. This procedure encompasses an income statement analysis, balance sheet analysis, and a stock market valuation (*i.e.*, price earnings ratio, ROE, expected earnings growth rate, etc).

Stacey Braun does not engage in short sales, margin transactions, option writing and does not utilize spreading strategies. We employ an active, flexible investment approach. Cash equivalents (US Treasury Bills or money markets) can be employed as defensive measures in times of declining markets.

#### *Financial Planning Services*

The process begins by working with the participant to establish his/her financial goals. Stacey Braun then collects (through questionnaires, participant discussions and/or copies of various documents *i.e.* investment statements, etc.) and assesses all relevant financial data. In the course of reviewing the data and relevant documents provided, Stacey Braun assesses the strengths and weaknesses of the participant's current financial situation and how they will affect the achievement of the participant's financial objectives. Stacey Braun then considers the various planning options available and determines whether they are appropriate for the participant's specific needs, circumstances and/or current and anticipated economic situation. After the financial review is completed and where appropriate, specific financial recommendations are provided to the participant. In some instances no additional recommendations or only slight modifications are suggested to their current financial plans and/or summary.

In addition to some of the sources of investment information mentioned above, Stacey Braun may utilize the following additional sources of investment information:

- Research Mutual Funds through Morningstar information
- Research Insurance Companies through rating agencies; (*i.e.* AM Best, S & P and Weiss Ratings Inc.)

Stacey Braun encourages all participants to annually review their financial situation and any recommendations made.

### Significant Risks

*Risk of Investment Loss.* Investments in securities generally are subject to the risk of loss. Investments may decline in value for any number of reasons over which Stacey Braun has no control and cannot predict, including changes in the overall market for securities and factors pertaining to particular securities, including changes in interest rates, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, general economic conditions, political conditions, and other similar conditions. As a result, a client's assets may at any point in the future be worth less than the original investment amount. Investment risk includes the possible loss of the entire principal amount invested by a client. No guarantee or representation is made that the investment strategies employed by Stacey Braun will be successful.

*Investment in Fixed-Income Securities.* Fixed-income securities, including corporate bonds, are subject to interest rate risk and credit risk. If prevailing interest rates fall, the market value of fixed-income securities that trade on a yield basis tends to rise, and if prevailing interest rates rise, the market value of these fixed-income securities generally will fall. In general, the shorter the maturity of a fixed-income security, the lower the yield but the greater the price stability. A change in the level of interest rates may have an effect on the net asset value and yield of the securities. To the extent a client invests in fixed-income securities with medium or lower credit quality, it is also subject to a higher level of credit risk. Those corporate bonds with a lower credit rating tend to have higher yields than corporate bonds of similar maturity with a better credit rating, but also may have less liquidity and a higher incidence of default. As economic, political and business developments unfold, lower-quality corporate bonds usually exhibit more price fluctuation than do higher-quality bonds of like maturity and the value of client assets will reflect this volatility. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, the client might have to reinvest the proceeds in an investment offering a lower yield and therefore might not benefit from any increase in value as a result of declining interest rates. Adjustable rate instruments also generally react to interest rate changes in a similar manner.

*Credit Risk.* The ability, or perceived ability, of the issuer of a debt security to make scheduled payments of interest and principal on the security will affect the value of the security. It is possible for an issuer to default on its obligations while a client owns the securities of that issuer. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition and does not reflect an assessment of an investment's volatility or liquidity.

*Extension Risk.* During periods of rising interest rates, the average life of certain types of securities may be extended. This may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security. Extension risk may be heightened during periods of adverse economic conditions generally.

*Prepayment Risk.* Certain municipal securities and asset-backed securities may be subject to the risk that principal on loan obligations underlying a security may be repaid prior to the stated maturity date. If a client has purchased a security at a premium, any prepayment reduces the market value of the security and the anticipated yield-to-maturity. Prepayment of loans underlying certain securities tends to accelerate during periods of declining interest rates.

*Risk of Investment in Commingled Vehicles.* If a client invests in a mutual fund, exchange traded fund, or other commingled investment vehicle, it is exposed to the risk that the other vehicle will not perform as expected. The client is exposed to all of the risks applicable to an investment in any such commingled investment vehicle. The client will bear a share of the expenses of the other commingled investment vehicle in addition to the fees paid to Stacey Braun.

*Other Investment Clients.* Stacey Braun provides investment advice to clients that may have substantially similar investment objectives and requirements. As a result, a client may have portfolios consisting of holdings substantially similar to the holdings of other clients, and may periodically receive holdings and other related information relative to and in the regular course of their management arrangement with Stacey Braun. It is possible that any such client could trade ahead of or against other clients, or direct Stacey Braun to effect such trades, based on the information the client receives in connection with its management arrangement with Stacey Braun. In addition, investment advice to any one client may be deemed to create a conflict of interest relative to the other clients to the extent that it is possible that such client could trade against the interests of other clients based on such investment advice. In connection with its business activities, Stacey Braun may acquire material non-public information that may restrict it from purchasing securities or selling securities for its clients, or otherwise using such information for the benefit of its clients or itself.

*Financial Planning.* Stacey Braun works with a financial planning client to establish long-term financial goals. These goals may include, among others, the client's desired income level for his or her retirement years, the amount of an estate to be created, and the need to fund major expenditures. Examples of pre-retirement expenditures include items such as educational expenses and the purchase of a new home. A client's financial plan is based on a variety of assumptions about future inflation rates, a client's life expectancy and financial circumstances, and returns on various classes of assets. Each client should be aware that any of the assumptions may prove inaccurate. A client also should be aware that more ambitious financial objectives and the need to obtain higher rates of return to realize those objectives necessarily require the assumption of higher degrees of risk. Each client should determine that he or she is comfortable with the potential volatility and risk of loss presented by the proposed financial advice/plan.

## **VI. 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 Stacey Braun or the integrity of Stacey Braun's management. The information required by this item is not applicable to Stacey Braun.

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

### General

Stacey Braun may give advice and take action in the performance of its duties to clients which differs from advice given, or the timing and nature of action taken, with respect to other accounts.

### Broker-Dealer

Stacey Braun owns 100% of the outstanding stock of SBFS, which is a limited purpose broker-dealer and member of the Financial Industries Regulatory Authority (FINRA). Stacey Braun financial planning participants may elect to contract with SBFS to purchase mutual fund shares or insurance products. SBFS does not effect transactions for other clients of Stacey Braun. One of the principal executive officers of Stacey Braun and the Certified Financial Planners also are officers and/or registered representatives of SBFS. As such, these individuals may effect mutual fund and/or insurance product transactions for financial planning participants for which SBFS receives separate and customary compensation.

During the provision of financial planning services, SBFS may provide brokerage services to participants that are separate and distinct from the financial planning services. The participant may choose, but is not required to implement all or part of Stacey Braun's recommendations through SBFS. The participant will receive a separate agreement and disclosure governing the terms and conditions of any of the services provided by SBFS. Stacey Braun and its related persons may earn fees and receive other benefits when financial planning clients transact with and use the services of SBFS. SBFS may receive payments from certain mutual funds pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services that are distributed from the fund's total assets. These arrangements will be disclosed upon request and are described in the applicable fund's prospectus. Stacey Braun has an incentive to recommend mutual funds that pay SBFS separate compensation.

Stacey Braun has adopted policies and procedures that address the conflicts of interest created by its affiliation with SBFS. These policies and procedures require Stacey Braun's personnel to give investment advice that is suitable and appropriate to each particular client and account. Stacey Braun has a duty to act only in the best interest of its clients. This duty generally requires that the interests of clients be placed above the interests of Stacey Braun and Stacey Braun's personnel whenever a conflict may be present.

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

Stacey Braun has adopted a Code of Ethics applicable to each of its officers, employees and directors. The Code of Ethics prohibits Stacey Braun employees from purchasing securities in an IPO or trading in a security during specified black out periods while Stacey Braun is in the process of purchasing or selling such security for any of its clients. The Code of Ethics requires Stacey Braun employees to: (1) disclose all personal holdings annually; (2) report all transactions quarterly; (3) obtain prior approval for participation in a private placement; (4) obtain prior approval for personal securities transactions; and (5) direct their brokers to send

duplicate copies of confirmations and monthly account statements to Stacey Braun. In the event an employee obtains prior approval for the purchase or sale of the employee's security but the trade is subsequently effected during a black out period, the employee will be required to donate to charity the amount, if any, by which the employee's transaction was on superior terms to those of the client transaction. The Code of Ethics also requires Stacey Braun employees to keep confidential information concerning a decision to purchase or sell a security on behalf of clients.

Existing or prospective clients may obtain a copy of Stacey Braun's Code of Ethics upon request.

Stacey Braun also has adopted an Insider Trading Policy that explains insider trading and prohibits Stacey Braun employees from: (1) trading, either in the employee's account or a client account on the basis of material, non-public information; or (2) communicating material non-public information to others in violation of law.

Stacey Braun's Profit Sharing Plan and its officers, employees and directors may buy or sell securities that Stacey Braun buys or sells for its clients. This practice may create conflicts of interest, which are addressed by our Code of Ethics and Insider Trading Policy discussed above.

Stacey Braun may recommend to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest. In addition, Stacey Braun may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that a member of Stacey Braun's personnel buys or sells the same securities for his or her own account. These practices may create conflicts of interest, which are addressed by Stacey Braun's policies and procedures. Stacey Braun's policies and procedures require Stacey Braun's personnel to give investment advice that is suitable and appropriate to each particular client and account, and to execute securities transactions for clients in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances.

Stacey Braun has adopted a Best Execution Policy and has established a Best Execution Committee to ensure that Stacey Braun meets its best execution obligations. The Committee's primary responsibility includes maintaining an approved broker-dealer list. The Committee updates this list and Stacey Braun's Best Execution procedures whenever appropriate and when issues arise.

Stacey Braun has adopted policies and procedures for principal transactions and agency transactions to ensure all such trades comply with applicable laws. In addition, Stacey Braun has adopted policies and procedures governing trade allocation and aggregation to ensure Stacey Braun complies with its fiduciary obligations and applicable laws.

## **IX. Brokerage Practices**

Stacey Braun's wholly owned subsidiary, SBFS, is a limited purpose broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As such, SBFS may execute mutual fund and insurance product transactions on behalf of Stacey Braun clients and receive compensation for such brokerage services in addition to the compensation Stacey Braun may receive for its financial planning services.

## Brokerage Managed Accounts

For managed accounts, Stacey Braun bases its determination as to which broker-dealer to utilize on a particular broker-dealer's full range and quality of services including, without limitation: (1) the broker-dealer's capability of executing trades including efficiency and back office capability; (2) the price, commission (including minimum ticket charges if applicable) and/or mark-up charged by such broker-dealer; (3) the broker-dealer's financial responsibility; (4) the broker-dealer's trading capability including responsiveness, promptness and accuracy based on past experience; (5) the broker-dealer's quality of investment research services (which, as discussed below, benefit all Stacey Braun accounts); (6) the broker-dealer's confidentiality, creditworthiness and reputation; and (7) in some instances, the custodial services provided for clients' securities, as directed by each client. The determinative factor in selecting a particular broker-dealer, after evaluating the factors enumerated above, is not necessarily the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the account. Stacey Braun's Best Execution Committee meets on a quarterly basis to systematically evaluate the execution performance of all broker-dealers utilized by Stacey Braun in accordance with the Firm's Trade Execution Policy and Procedures. The Best Execution Committee maintains a list of approved broker-dealers. Generally, Stacey Braun personnel must execute trades through the listed broker-dealers, and may only trade through other broker-dealers on an infrequent basis with prior approval.

Stacey Braun generally has the authority to choose a broker-dealer without prior client approval. Before orders are placed with any particular broker or dealer for any equity or fixed income security, Stacey Braun personnel investigate and monitor Bloomberg to determine current market conditions including the bid and asked price of the subject security and the volume for equity securities. As further explained below, Stacey Braun endeavors to execute securities transactions in such a manner that the client's total cost or proceeds in each transaction is most favorable under the circumstances.

With respect to fixed income trades, following the initial procedure discussed above, Stacey Braun personnel then obtain a minimum of two quotes for the subject debt security which includes commissions (including minimum ticket charges if applicable) and/or mark-ups. The best fixed income security quote, which includes commissions and/or mark-ups, is then compared against the bid and asked prices when the trade was initiated and the current market quote as shown on Bloomberg, and the trade is awarded if market conditions, in Stacey Braun's opinion, warrant.

For fixed income principal trades, Stacey Braun has no set commission/mark-up schedule, nor does Stacey Braun know of any such schedule used by brokers or dealers of fixed income securities. For fixed income agency trades over \$200,000 par value, a commission/markup of 1/32<sup>nd</sup> is added and for trades under \$200,000 par value, a ticket charge is added by the broker or dealer. Fixed income trades are executed only after Stacey Braun personnel have followed the procedures set forth above.

Some clients may direct Stacey Braun to use certain broker-dealers. If clients direct brokerage, Stacey Braun may be unable to negotiate the commissions charged by the broker-dealer, which could result in higher transaction costs, including commissions, than would have occurred if the

brokerage had not been directed. Stacey Braun also may receive less favorable prices for securities than could have been obtained for a higher volume order, since directed transactions generally are not aggregated with other clients' trades. Additionally, the client's order may not be placed with the broker until after orders have been placed for clients that have not directed brokerage.

For Stacey Braun's retail investment advisory clients, we sometimes recommend that clients maintain a brokerage account with Schwab and we may execute trades for the clients' accounts through Schwab or other broker-dealers. Our institutional clients generally use custodians of their own choosing, and delegate to Stacey Braun the discretion to select the broker-dealers used to effect transactions. In addition, as a condition of our Wrap Fee Program, transactions for participating clients' accounts are executed by Schwab. We are not affiliated with Schwab, and our employees are not registered representatives of Schwab and do not receive commissions or other compensation from recommending its services.

Schwab offers various services to independent investment advisers, including custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information. Schwab provides us with access to its institutional trading and operational services, which are typically not available to retail investors. The services generally are available at no charge so long as we maintain a minimum amount of client account assets with them. The services that Schwab makes available include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors. Schwab also makes available other products and services that benefit the administration of our accounts. These include software, client account access technology, trade confirmations and account statements, trade execution and aggregated trade order allocation technology, back-office support, recordkeeping, and client reporting.

### Allocation

Stacey Braun often determines that the purchase or sale of a particular security is appropriate for more than one client account. In such cases, Stacey Braun has a fiduciary obligation to treat each client fairly.

Generally when Stacey Braun is purchasing or selling securities for more than one of its advisory clients, Stacey Braun will purchase or sell quantities of the securities that are suitable for the advisory clients for whom the securities are appropriate at that time. Stacey Braun may aggregate these orders to seek best execution. If an aggregated order is partially filled, Stacey Braun will, as a general matter, allocate the shares among all participating advisory clients randomly to fill each client's original order,

Stacey Braun's policy for allocating shares of an IPO distributed to Stacey Braun by the underwriter is to allocate them to the accounts where such security is most appropriate based upon the portfolio's size and structure at that time. Therefore, some accounts may receive more IPOs than others, while other accounts may not receive any. Notwithstanding the immediately preceding sentence, in the event that an IPO is appropriate for several accounts and the shares distributed by an underwriter to Stacey Braun cannot be effectively and realistically allocated to all of Stacey Braun's accounts for which such an investment is appropriate, then, in such event,

Stacey Braun maintains an alphabetical rotation system so that securities obtained in IPOs are allocated to those accounts for which such investments are appropriate on an equitable basis.

These policies are designed so that all advisory clients are treated fairly and receive the best qualitative execution. The allocation of such orders is based on the Portfolio Manager's determination that such securities are appropriate for an account, based on its asset size and structure.

In sum, Stacey Braun will not aggregate transactions unless it thinks that aggregation is consistent with Stacey Braun's duty to seek best qualitative execution for its clients and is consistent with the terms of Stacey Braun's investment advisory agreement with each client and Stacey Braun's Code of Ethics.

### Soft Dollars

Stacey Braun does not receive cash from a non-client in connection with giving advice to clients. Stacey Braun may cause a client to pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction where Stacey Braun determines in good faith that the commission is reasonable in relation to the value of the brokerage, research services, and other economic benefits received (i.e., soft-dollar equity and fixed income credits). Such products and services may include, among other things, research reports, technical analyses, financial magazines, newsletters related to industry research, mutual fund data, stock price quotation and pricing services, software that analyzes securities portfolios or performs other investment related functions, news services, brokerage analysts' earnings estimates, teleconferences related to research, credit rating services, performance measurement services that aid advisors' investment decision making, and software used for research. The companies that provide these services include Dow-Jones News Service, New York Stock Exchange Market Data Services, Fiserv/APL Investment Services, Bloomberg, Factset, Standard & Poor's Outlook, Bloomberg Barclays Indices, S & P Equity Indices, AMEX and International Strategy and Investment.

Stacey Braun may pay for these products and services directly ("hard dollars"), or, in the alternative, they may be paid for by brokerage firms on behalf of Stacey Braun using a portion of commissions generated through agency brokerage transactions (including fixed income and agency equity brokerage transactions) ("soft dollars"). Although the benefits received generally will be used to service all of Stacey Braun's clients, brokerage commissions paid by a client sometimes may be used to pay for benefits that are not used in managing that particular client's account. When Stacey Braun uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Stacey Braun receives a benefit because Stacey Braun does not have to produce or pay for the research, products or services. Stacey Braun may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution.

Stacey Braun also uses soft dollars to pay for portions of "mixed use" items or products and services that provide both research and non-research benefits. Stacey Braun determines the percentage of the product that is research and the percentage that is not research according to its



anticipated use. The portion that is research may be paid with soft dollars, and Stacey Braun pays the portion that is not research with its own funds.

Stacey Braun intends that the receipt of soft dollar benefits ordinarily will fall within the nonexclusive safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. To determine whether the product or service qualifies under the safe harbor, Stacey Braun evaluates whether the product or service provides lawful and appropriate assistance to Stacey Braun in carrying out its investment decision-making responsibilities. Stacey Braun intends to receive soft-dollar credits only through agency transactions executed through brokerage firms that have not executed the transaction through an affiliate. Moreover, Stacey Braun will only accept soft dollar credits from brokerage firms that Stacey Braun has determined in good faith charge commissions that are reasonable in relation to the value of brokerage and research provided, consistent with Stacey Braun's best execution responsibilities. Stacey Braun currently receives soft dollar credits for research services from Evercore/ISI, Cowen/Westminster, RF Lafferty and Abel Noser. Stacey Braun has instructed these brokerage firms not to execute any soft dollar transactions through any of their affiliates. Stacey Braun continually evaluates the uses and value to the investment decision making process of all research services provided on a soft-dollar basis.

Although not considered "soft dollar" compensation, we may receive certain benefits from Schwab that include reports, software, and institutional trading support. There is no direct link between Stacey Braun's participation in the Schwab programs and the investment advice we give to our clients, although Stacey Braun receives economic benefits through its participation in the Schwab programs that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services. Some of the products and services made available by Schwab may benefit Stacey Braun but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Schwab. The benefits received by Stacey Braun or our personnel do not depend on the amount of brokerage transactions directed to Schwab. As part of our fiduciary duties to clients, Stacey Braun endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Stacey Braun or its related persons creates a potential conflict of interest that could indirectly influence Stacey Braun's decision to recommend Schwab for custody and brokerage services.

#### Financial Planning Services

Some of the institutions that have contracted with Stacey Braun to provide financial planning services have permitted their participants to enter into a separate agreement with Stacey Braun, whereby Stacey Braun offers managed account services to the institutions' participants.

Stacey Braun may recommend to financial planning participants mutual funds and insurance products and they may choose to execute these transactions through SBFS. SBFS will receive any associated commissions on such transactions.

The financial planning participant has no obligation to enter into any of these services with Stacey Braun or SBFS, and will execute a separate agreement for each additional service.

## **X. Review of Accounts**

### **Managed Account Services**

Detailed asset valuations of each managed account are reviewed daily by at least one of the following individuals: the President, Executive Vice President or Vice President of Stacey Braun or other Portfolio Managers. Each such individual is directed to adhere to the client's investment guidelines, if any, or if not, to follow the interest rate, economic, fixed income and equity strategies in effect at Stacey Braun at that time. With respect to every managed account, while complying with the client's investment guidelines, all of the above individuals follow Stacey Braun's interest rate forecasts and economic projections as well as its equity and fixed income strategies.

Stacey Braun will furnish written/computerized reports together with complete evaluations of the client's assets to each managed account client on at least a quarterly basis. Such reports usually include a review of the structure of portfolio assets, a detailing of the fixed income securities by maturities, a detailing of the equity holdings at market and cost, a review of purchases and sales and, where appropriate, the investment return for the period.

When requested by a managed account client, one or more of the individuals listed above will attend meetings to review a report and to answer any questions regarding the assets under Stacey Braun's investment management.

### **Financial Planning Services**

Written financial plans and/or summaries provided to financial planning participants are reviewed as part of Stacey Braun's regular supervisory process. The President, Executive Vice President or Vice President of Stacey Braun, or one or more of the Certified Financial Planners or other Portfolio Managers reviews at least one of every three written financial plans prepared by Stacey Braun's financial counselor(s) to assess the overall plan in light of the participant's financial circumstances, investment objectives, and tolerance for risk.

## **XI. Client Referrals and Other Compensation**

Stacey Braun may directly or indirectly pay employees for referring advisory clients to Stacey Braun. Compensation generally will be provided in recognition of successful introductions and will be paid by Stacey Braun and not the advisory client. In accordance with Rule 206(4)-3 under the Advisers Act, a Stacey Braun employee who solicits advisory clients is required to disclose to a prospective client at the time of the solicitation or referral the employee's affiliation with Stacey Braun.

Stacey Braun may compensate third parties for introducing Stacey Braun and its investment advisory and financial planning services to potential clients. These solicitors act as independent contractors and are not affiliated with Stacey Braun. So long as an introduced client remains a client of Stacey Braun, Stacey Braun pays the solicitor a percentage of the investment advisory services fee that Stacey Braun receives from the client and/or a flat amount per referred client. None of Stacey Braun's clients are responsible for paying this compensation, including the introduced client. Stacey Braun intends that any arrangements and referrals will comply with Rule 206(4)-3 under the Advisers Act and any other legal requirements for such arrangements.

Stacey Braun also compensates certain third parties, usually a union or member benefits organization (each an "institution"), for endorsing and promoting Stacey Braun's financial planning services to the institution's members and affiliated groups. The institution may also provide administrative services for the financial planning services delivered to its members. Stacey Braun pays the institution a percentage of the financial planning service fees that Stacey Braun receives from each individual client and/or a flat amount per referred client. Stacey Braun also pays the institution a set fee from the fees it receives from each institution-affiliated group that retains Stacey Braun to provide financial planning services to the members of that group. Stacey Braun intends that these arrangements and referrals will comply with Rule 206(4)-3 under the Advisers Act and any other legal requirements for such arrangements.

## **XII. Custody**

Client funds and securities are held by qualified custodians. Clients will receive account statements from the custodian and should carefully review those statements.

As noted in Section X, above, Stacey Braun also will furnish written/computerized reports together with complete evaluations of clients' assets to each managed account client on at least a quarterly basis. Stacey Braun urges clients to compare the account statements they receive from the qualified custodian with those they receive from Stacey Braun. Stacey Braun does not provide custodial services to any of its clients.

## **XIII. Investment Discretion**

### Managed Account Services

For managed accounts, Stacey Braun has the authority to determine the security and the amount of the security that will be bought and sold, and the price at which the transaction will be effected, without obtaining the client's consent. In most cases, Stacey Braun must adhere to investment guidelines and limitations established by its clients. Stacey Braun is also subject in various accounts to limitations on the quantity or percentage of securities to be bought or sold in designated accounts.

### Financial Planning Services

There is no obligation on the participant's part or Stacey Braun's part to implement the recommendations given as part of the financial planning services. The participant has the sole

authority and responsibility to determine whether, when or how to implement any of the recommendations.

#### **XIV. Voting Client Securities**

Stacey Braun has adopted written Proxy Voting Policies and Procedures intended to satisfy the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940.

##### Managed Account Services

Unless a client expressly reserves or delegates the right to vote its proxies, Stacey Braun will vote proxies for securities in each client account in accordance with applicable fiduciary obligations and its written proxy voting policies and procedures. These proxy voting policies and procedures (1) contain guidelines that Stacey Braun follows to ensure that it votes proxies in a manner consistent with the best interests of its clients and beneficiaries; and (2) are designed to ensure that material conflicts of interest are avoided and/or resolved in a manner that is consistent with Stacey Braun's fiduciary role.

Based on the guidelines, Stacey Braun's Proxy Committee makes a determination and votes the proxies after reviewing the proxy statement and any outside materials that are available. To resolve conflicts of interest involving Stacey Braun, Stacey Braun contacts the client and follows the client's instruction to vote that proxy. To resolve conflicts of interests involving a member of the Proxy Committee for a matter that is not addressed by any of the guidelines, that member will not participate in the discussion or determination for that proxy vote. A copy of these policies and procedures is available upon request. In addition, clients may obtain information from Stacey Braun on how and why specific proxies were voted by submitting a written request to Stacey Braun.

##### Financial Planning Services

Stacey Braun does not have the authority to vote securities for financial planning clients. Financial planning clients will receive proxies or other solicitations directly from their custodians/ a transfer agent/ Stacey Braun and should contact Douglas H. Wexler with questions about a particular solicitation.

#### **XV. Financial Information**

Information required by this item is not applicable to Stacey Braun.

## BROCHURE SUPPLEMENT

### **STACEY BRAUN ASSOCIATES, INC.**

377 Broadway  
New York, NY 10013

(212) 226-7707  
[www.staceybraun.com](http://www.staceybraun.com)

**This brochure supplement provides information about certain of our supervisory persons that supplements the Stacey Braun Associates, Inc., brochure. You should have received a copy of that brochure. Please contact Rita Gurevich Weiden, Vice President and Chief Compliance Officer if you did not receive Stacey Braun Associates, Inc.'s brochure or if you have any questions about the contents of this supplement.**

Certain terms used in this Brochure Supplement are defined in Stacey Braun Associates, Inc.'s ("Stacey Braun") Brochure.

## **I. Educational Background and Business Experience**

Martin Howard Wexler is the President, Treasurer, Secretary and Director of Stacey Braun. Mr. Wexler was born 1939 and received a B.A. in Economics from Queens College in 1961. Mr. Wexler also attended the M.B.A. program at St. Johns Graduate School of Business Administration.

Peter Bruce Willis is Executive Vice President of Stacey Braun. Mr. Willis was born in 1963, received a B.A. in Political Science from Ithaca College in 1986, and a M.B.A. from Rutgers Graduate School of Management in 1992.

Rita Gurevich Weiden is Vice President and Chief Compliance Officer of Stacey Braun. Ms. Weiden was born in 1966 and received a B.B.A. in Economics from Pace University in 1992.

Douglas Harry Wexler is Vice President of Stacey Braun and President/Registered Principal of Stacey Braun Financial Services, Inc. Mr. Wexler was born in 1976 and received a B.A. in Economics from Wheaton College in 1998.

Gerard Peter McGahran is a Certified Financial Planner at Stacey Braun. Mr. McGahran also is a registered representative and Financial and Operations Principal of Stacey Braun Financial Services. These designations required Mr. McGahran to pass certain examinations administered by the Financial Industry Regulatory Authority. Mr. McGahran was born in 1963 and received a B.S. in Accounting from Glassboro State College in 1986.

Paul William Wexler is a Vice President of Stacey Braun. Mr. Wexler was born in 1978 and received a B.A. in Business Administration from American University in 2002.

For the preceding five years, each of Stacey Braun's personnel listed above has held the same position with Stacey Braun as indicated above.

## **II. Disciplinary Information**

Not applicable.

## **III. Other Business Activities**

Gerard Peter McGahran is a registered representative and Financial and Operations Principal of Stacey Braun Financial Services. One of the principal executive officers of Stacey Braun and the Certified Financial Planners also are officers and/or registered representatives of SBFS. As such, these individuals may effect mutual fund and/or insurance product transactions for financial planning participants for which SBFS receives separate and customary compensation.

Stacey Braun and its related persons may earn fees and receive other benefits when clients transact with and use the services of SBFS. Stacey Braun has adopted policies and procedures to address this conflict of interest.

#### IV. Additional Compensation

Not applicable.

#### V. Supervision

All of the investment activities of Stacey Braun's investment personnel named above are supervised by Martin Howard Wexler, the President, Treasurer, Secretary and Director of Stacey Braun. Mr. Wexler's contact information is the same as the information on the Cover Page of this Brochure Supplement. Mr. Wexler's investment activities and those of the other investment personnel described above are subject to oversight and review by Stacey Braun's compliance functions and must be performed in compliance with Stacey Braun's compliance policies and procedures.

Stacey Braun has adopted compliance policies and procedures that it believes are reasonably designed to ensure compliance with applicable federal securities and commodities laws. These compliance policies and procedures, some of which are described in our Brochure, cover various aspects of the investment advisory services we provide, including policies and procedures relating to trade execution, brokerage, participating in public offerings, insider trading, proxy voting and valuation, among other things.

Stacey Braun's compliance program is administered by our Chief Compliance Officer, Rita Gurevich Weiden. Ms. Weiden conducts training on compliance matters for Stacey Braun's employees, addresses issues that arise with respect to Stacey Braun's compliance policies and procedures, and keeps the compliance policies and procedures up to date. Stacey Braun's compliance policies and procedures require all Stacey Braun personnel to notify their supervisor and the Chief Compliance Officer immediately upon receipt of any written or oral client complaint or other indication of client dissatisfaction. If the complaint relates to losses from failure to follow client guidelines or instructions, misappropriation of client funds, misrepresentation, or other allegedly fraudulent conduct, the Chief Compliance Officer must be notified immediately.

Clients with questions or concerns should contact Rita Gurevich Weiden, Vice President and Chief Compliance Officer of Stacey Braun at (212) 226-7707.