

# **Autumn Wind Asset Management Inc.**

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This Brochure provides information about the qualifications and business practices of Autumn Wind Asset Management Inc. If you have any questions about the contents of this Brochure, please contact us at (703) 757-3848 or via email at [info@AutumnWind.com](mailto:info@AutumnWind.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.

Autumn Wind Asset Management Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about Autumn Wind Asset Management Inc. is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

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Since our last filing in March 10, 2019, we have not had any material changes.

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 which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting Neal Falkenberry at (703) 757-3848.

Additional information about Autumn Wind Asset Management is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Autumn Wind Asset Management is 110569. The SEC's web site also provides information about any persons affiliated with Autumn Wind Asset Management who are registered, or are required to be registered, as investment adviser representatives of Autumn Wind Asset Management.

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## Item 4 - Advisory Business Introduction

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Autumn Wind Asset Management Inc. (“Autumn Wind”) is a Registered Investment Adviser (“Adviser”), which offers investment advice, portfolio and asset management clients. We are registered through and regulated by the United States Securities and Exchange Commission (“SEC”).

We provide investment advice through investment adviser representatives (“advisor”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all advisors are required to have experience commensurate with providing asset and portfolio management and/or providing investment advisory services.

Autumn Wind Asset Management was founded in 2000 by Thomas Neal Falkenberry who serves as a President and Chief Investment Officer. We provide portfolio management services to high net worth individuals, trusts, estates, charitable organizations, foundations, endowments, corporations, and small businesses. We are committed to the precept that by placing the clients’ interests first, we will add value to the asset management process and earn the client’s trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

Mr. Falkenberry is the founder and managing partner for Autumn Wind Global Multi-Strategies Fund, LLC. Autumn Wind serves as the General Partner to the Autumn Wind Global Multi-Strategies Fund. The Autumn Wind Global Multi-Strategies Fund is best thought of as a vehicle used to aggregate investments in specialty hedge fund managers or unique investment strategies that enables clients to size their investment in those managers or strategies without regard to minimum investment requirements. The Fund offers Class A and Class B interests. Class A does not charge an internal management or incentive fee. Rather, the Fund is billed as any other investment at 1% per year. Class B follows a typical hedge fund fee structure of a 1.5% management fee and 20% of profits.

## Services

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We provide various asset and portfolio management services, with an emphasis on quantified and model-driven investment management processes. Our focus is on helping you develop and implement investment management plans that are designed to build and preserve your wealth in coordination with your other financial professionals and your overall financial planning objectives. We have two primary areas of specialization: establishing and actively managing client-driven asset allocation policy and managing the global equity and fixed income allocations of your portfolio. The Firm’s philosophy is to internally manage allocations to domestic equities and core fixed income, and to utilize independent money management firms for specialty asset classes such as small cap, international, emerging market, high yield, hedge funds, and venture capital. Client objectives dictate the use of specialty asset classes.

As of December 31, 2019, we provided asset management services for 174 accounts, managing total assets of \$125,060,749.

This amount is managed on a discretionary basis, which means you have given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker- dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning. You will have the opportunity to meet with us periodically to review the assets in your account.

## **1. Financial Planning**

We do not provide comprehensive financial planning but we will help coordinate with your advisors, such as your attorney, accountant, estate planner and other financial professionals, regarding investments and portfolio management as part of your overall financial planning process.

## **2. Asset Management**

Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a personalized asset allocation program and custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, equity options, futures, etc.

We have a minimum investment requirement of \$1 million. However, Autumn Wind and the Autumn Wind Global Multi-Strategies Fund may accept an initial investment below the stated minimum. These situations are evaluated on a case-by-case basis and include a consideration of whether you have an existing investment with us or expect to fulfill the minimum requirement over a relatively short period of time.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy. You will be provided with a targeted strategic allocation of assets by class, as well as investment advice. Our recommendations and ongoing management is based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in

quarterly and annual account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account. You will also receive our Advisory Agreement which describes what services you will receive and what fees you will be charged.

We will:

- Review your present financial situation
- Monitor and track assets under management
- Provide portfolio statements, periodic rate of return reports, asset allocation statement, rebalanced statements as needed
- Advise on asset selection
- Determine market divisions through asset allocation models
- Provide research and information on performance and fund management changes
- Build a risk management profile for you
- Assist you in setting and monitoring goals and objectives
- Provide personal consultations as necessary upon your request or as needed

You must notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Under certain conditions, securities from outside accounts may be transferred into your advisory account. However, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances.

Your account can be managed in a tax aware manner; however, we do not provide tax advice or tax management services. You should always consult with your tax advisor for specific tax advice. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not an indication of future performance.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will be held in a separate account, in your name, at an independent custodian, not with us. We recommend using Charles Schwab & Company; however you can use anyone you desire. The identity of your custodian will be communicated to you before the account is opened. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. The custodian will effect transactions, deliver securities, make payments and do what we instruct. You are notified of any purchases or sales through trade

confirmations and statements that are provided by the Custodian. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

You will receive two types of monthly statements, one from Charles Schwab and another more detailed report from Autumn Wind. The Schwab statement contains a description of all the activity in your account. This statement lists the total value at the start of the time period, itemizes all transaction activity during the time period, and lists the types, amounts, and total value of securities held as of the end of the time period. Your statement may be in either printed or electronic form based upon your preferences. In addition, Schwab allows you web access 24/7 to view account balances and transactions.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **3. Third Party Money Managers**

In the event a Client's objectives require the use of an independent money manager, Autumn Wind will conduct a manager search and provide ongoing review. At present, Autumn Wind does not charge a fee for the manager search but does include the investment as a billable asset under the firm's fee structure to cover the cost of ongoing due diligence of the manager and its performance. Autumn Wind may invest in individual fixed income or equity securities or in vehicles managed by 3<sup>rd</sup> party managers such as mutual funds, hedge funds, private equity, or other alternative investments. These investments may take place through the Autumn Wind Global Multi-Strategies Fund or through your account at Charles Schwab. If you invest in the Autumn Wind Global Multi-Strategies Fund, we will provide you all the necessary disclosure documentation required for you to review and understand the fund and the fees involved for investing in the fund.

## **Item 5 - Fees and Compensation**

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We provide asset and portfolio management services for a fee. Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay; please refer to Item 12 – Brokerage Practices for additional information regarding fees. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.



You could invest in a mutual fund or equities directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives.

Our Advisory Agreement defines what fees are charged and their frequency. We usually bill fees in arrears on a monthly basis. You can authorize the custodian to directly debit fees from your account held at the custodian to pay us. Management fees are prorated for each contribution and withdrawal made during the applicable calendar month (with the exception of small inconsequential contributions and withdrawals). You will be provided with a monthly statement reflecting deduction of the advisory fees.

Either party may terminate an initial or ongoing agreement at any time by providing written notice to the other party. You will incur charges for advisory or consulting services rendered up to the point of termination and such fees will be due and payable immediately. Refunds will be given on a pro-rata basis within five business days of cancellation. Accounts opened or terminated during a calendar month will be charged a prorated fee.

## **1. Asset Management Fee Schedule**

Our minimum account opening balance is \$1 million. The fee charged is based upon the amount of money you invest. You will pay fees monthly, in arrears. Payments are due and will be assessed on the last business day of each month, based on the ending balance of the account under management for the preceding month. We fees range from 0.30% to 1.5% of the market value of assets under management depending on the size and complexity of the relationship. This fee is an annual fee; however you will be billed one-twelfth of this amount on a monthly basis. This fee may be negotiated based upon the composition of the assets to be managed and the market value of the assets. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

Certain strategies offered by us may involve investment in mutual funds. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as “12(b) (1) fees”. These 12(b) (1) fees come from fund assets, and thus indirectly clients’ assets. We do not receive any compensation from these fees. The 12(b) (1) fee, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund’s prospectus. These fees are in addition to the advisory fee you will pay us.

The fees we charge can be deducted directly from your account at the custodian. We will instruct the Custodian to deduct the fees from your account at the end of the month. This fee will show up as a deduction on your following month's account statement from the Custodian.

If you do not want us to charge your account for the monthly fee, you may pay the fee directly to us. We will send you an invoice detailing the fee calculation. Fees are due in full upon receipt of the invoice.

## **2. Third Party Money Managers**

Neither Autumn Wind nor the Autumn Wind Global Multi-Strategies Fund receives any compensation for placing your money with that manager.

We conduct research and may make recommendations to purchase hedge fund and private partnerships. We may, on occasion, make direct investments in small companies or funds comprised of small companies, i.e. private equity. Any fees charged by these funds or partnerships are passed along to our clients.

## **Item 6 - Performance Based Fee and Side by Side Management**

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Neither Autumn Wind nor Autumn Wind Global Multi-Strategies Fund Class A charges a performance-based fee. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

Autumn Wind Global Multi-Strategies Fund Class B does charge a performance fee equal to 20% of the capital appreciation of the assets in the Fund. Autumn Wind has structured this performance fee arrangement subject to Virginia Securities Act Rule 21VAC5-80-220C. In measuring clients' assets for the calculation of performance-based fees, Autumn Wind includes realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for Autumn Wind to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. As well, Autumn Wind may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account. Autumn Wind has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. The CCO monitors for such activity which is prohibited per Autumn Wind's Code of Ethics.

## **Item 7 - Types of Client(s)**

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We provide portfolio management services to high net worth individuals, trusts, estates, charitable organizations, foundations, endowments, corporations, and small businesses. We have a minimum investment requirement of \$1 million. However, Autumn Wind and the Autumn Wind Global Multi-Strategies Fund may accept an initial investment below the stated minimum on a case-by-case basis.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

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We utilize a multi-disciplined investment process that is quantifiable and model-driven. Throughout our investment advisory and portfolio management discipline, we use fundamental and technical analyses to help determine what securities and assets most appropriately fit into our strategies and your individual investment portfolio. The process is highly computer assisted, but allows for discretionary decision

making. Since the investment logic to be utilized by Autumn Wind is proprietary, the description that follows is of a general nature and is not intended to be exhaustive.

## **1. Methods of Analysis**

### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

Fundamental analysis serves to answer questions, such as:

- Is the company's revenue growing?
- Is it profitable?
- Is it able to repay its debts?
- Is management utilizing sound accounting principles?

One of the primary assumptions of fundamental analysis is that the price on the stock market does not fully reflect a stock's "real" value. We use a combination of qualitative and quantitative factors to try and find stocks that are undervalued. We look at both macroeconomic factors such as the overall economy and industry conditions and company-specific factors such as financial condition and management. When we are examining a stock, we might look at the stock's annual dividend payout, earnings per share, Price to Earnings ratio and many other quantitative factors. However, no analysis is complete without taking into account brand recognition and other qualitative factors.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

In order to perform this fundamental analysis, we use many resources, such as:

- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Research materials prepared by others
- Company press releases
- Corporate rating services
- Company websites
- Inspections of corporate activities

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases - securities held at least a year
- Short term purchases - securities sold within a year

- Trading -securities sold within 30 days
- Short Sales
- Margin Transactions
- Option writing, including covered options, uncovered options or spreading strategies

Once we discover undervalued funds, funds that are investing in undervalued stocks; we look at the company offering these funds to determine stability and volatility of the funds.

### **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

In order to perform technical analysis, we use the following techniques:

- Charting and chart patterns
- Supply and demand indicators
- Investor behavior and psychology
- Mathematical models of price and volume behavior

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Margin Transaction
- Option writing, including covered, uncovered and spread option strategies

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## **2. Investment Strategies**

Autumn Wind's strategy has a heavy emphasis on quantitative modeling. Quantitative modeling utilizes price action, company fundamentals, and other market statistics to evaluate the attractiveness of a particular company. Fundamental analysis utilizes forecasts of earnings growth, industry conditions, etc. Autumn Wind has steadily evolved a quantitative discipline since it enables ideas and concepts to be

tested historically, removes subjectivity and analyst biases, and enables the investment process to determine cash allocations, sector weights, capitalization bias, etc.

Autumn Wind has developed a highly sophisticated strategy testing platform that enables the firm to evaluate an investment concept, i.e. a set of “buy” or “sell” rules, across a portfolio of securities in a variety of market environments. This allows Autumn Wind to use decision logic that is based on extensive historical testing.

Money management principals are rigorously applied to minimize risk exposure. Money management stop and limit orders are used with every position to attempt to limit downside risk in the event the entry logic for a particular investment is incorrect.

### **Portfolio Characteristics**

- Multi-cap Equities are selected from a universe that is roughly equally represented by small, mid, and large cap companies.
- Sector and industry weights are independent of benchmark weights.
- The investment process seeks to hold companies 6-9 months, with the possibility that positions with large capital gains can be held for at least 12 months in order to receive favorable long-term capital gains treatment.
- The number of positions in a portfolio will fluctuate between 15 to 50; with 35 representing an “ideal” number.

Our research process is ever evolving. The “buy-side” and “sell-side” logic is reviewed on an ongoing basis and attempts are made to refine the process. We focus on After-Tax, After-Fee Performance.

Our investment process seeks to make longer-term investments in high quality companies that are generating superior earnings and revenue growth, trade at a reasonable valuation relative to the S&P 500 Index, and can reasonably be expected to demonstrate positive earnings surprise. We have increased the emphasis on the analysis of price action as an input to future price performance, the use of computing technology to evaluate investment concepts historically and have strict sell disciplines for all positions.

## **3. Risks**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principle is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economics, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

The risks of our methods of analysis include:

Technical Analysis risk

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

## 1. Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- When using this method with mutual funds, the funds are composed of many companies and not all of them will be undervalued
- The data used may be at least six months out of date.
- It is difficult to give appropriate weightings to the factors.
- In the early 1970s and 1980s price/earnings multiples of 80 or 90 were considered acceptable by some for 'blue chip' stocks in the United States.
- In the 1980s in the United States some biotechnology stocks sold at '50 times sales'. The companies had no earnings and paid no dividend. The new yardstick to value these became 'products in the pipeline'. By the late 1980s most had lost three-quarters of their stock price.
- It assumes that the analyst is competent.
- A fundamental analyst assumes that other fundamental analysts will form the same view about the company and buy the stock, thus restoring its value and returning the trader or investor a capital gain. In practice, an undervalued company's stock price can stay at approximately the same level (or decline) for years.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- Even when fundamental analysis reveals an undervalued company, or a stock with high growth prospects, it does not tell us anything about the timing of the purchase of the stock. In other words, we may have discovered a grossly undervalued stock whose price has been falling for some time, and may well continue falling.

The risks of our investment strategies include:

## 2. Mutual Funds Risk

Mutual funds can offer the advantages of diversification and professional management. But, as with other investment choices, investing in mutual funds involves risk and fees and taxes will diminish a fund's returns.

But mutual funds also have features that some clients might view as disadvantages, such as:

- **Costs despite Negative Returns** — Clients must pay sales charges, annual fees, and other expenses) regardless of how the fund performs. And, depending on the timing of their investment, clients may also have to pay taxes on any capital gains distribution they receive — even if the fund went on to perform poorly after they bought shares.
- **Lack of Control** — Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Price Uncertainty** — with an individual stock, you can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling your advisor. You can also monitor how a stock's price changes from hour to hour. But with a mutual fund, the price you purchase or redeem shares for will typically depend on the fund's NAV, which the fund might not calculate until many hours after you've placed your order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

The following is a list of some general risks associated with investing in mutual funds.

- **Country Risk** - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Currency Risk** -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- **Income Risk** - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- **Industry Risk** - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk** - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### 3. Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

#### 4. Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities.

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

Not all stock funds are the same. For example:

- Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.
- Income funds invest in stocks that pay regular dividends.
- Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all — or perhaps a representative sample — of the companies included in an index.
- Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

#### 5. Alternative Investment Risk

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:



- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Restrictions on transferring interests in the fund
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds

## 6. Overall Fund Risk

- Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.
- Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.
- While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

***For a more comprehensive description of all the risks associated with our strategies, methodology, and products please refer to the glossary under Risks.***

## Item 9 - Disciplinary Information

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information to disclose here about the firm or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what's in your best interests.

## Item 10 - Other Financial Industry Activities and Affiliations

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Autumn Wind serves as General Partner of the Limited Partnership Autumn Wind Global Multi-Strategies Fund. The General Partner exercises ultimate authority over the Partnership, is responsible for investment of the Partnership's capital, and is responsible for the day-to-day operations of the Partnership. The president and majority shareholder of the General Partner is Thomas Neal Falkenberry.

This partnership operates as a hedge fund and serves to aggregate Autumn Wind's investments in alternative investments. This fund invests in both individual securities as well as in other hedge funds. Typically, Autumn Wind will make investments in alternative assets and strategies through the Fund. Investments may include private equity, distressed debt, high yield debt, long-short equity, currencies, and arbitrage strategies.

On occasion, the advisor may solicit clients of Autumn Wind to invest in Autumn Wind Global Multi-Strategies Fund. At the time of this disclosure document, approximately 30% of Autumn Wind's clients are invested in this limited partnership.

Because Autumn Wind recommends the purchase of Autumn Wind Global Multi-Strategies Fund to some clients, and Neal Falkenberry controls both Autumn Wind and Autumn Wind Global Multi-Strategies Fund, this may result in one or more conflicts of interest. As a result of these relationships, Neal Falkenberry indirectly, will receive compensation from the Fund as a result of Autumn Wind's role as Investment Manager to the Autumn Wind Global Multi-Strategies Fund. This means that Neal Falkenberry has an incentive to recommend that Autumn Wind's clients purchase partnership interests in the Fund, even if such an investment would not be appropriate for such client. In order to address these potential conflicts of interest, Autumn Wind has adopted a Code of Ethics and compliance policies and procedures. Autumn Wind's policies and procedures prohibit such activity. In addition, the Autumn Wind Global Multi-Strategies Fund is offered exclusively to institutional and individual investors who qualify as "accredited investors". The Class A Limited Partners will initially be only existing clients of Autumn Wind and the Class B Limited Partners will initially only be qualified investors who are not existing clients of Autumn Wind.

Since Autumn Wind is acting as the investment adviser to the Autumn Wind Global Multi-Strategies Fund and to you there will be a need to allocate time, as well as trading and investment opportunities, between the Partnership and you. The Limited Partnership Agreement between Autumn Wind and Autumn Wind Global Multi-Strategies Fund only requires Neal Falkenberry to devote as much time as they reasonably believe is necessary in good faith. This is a potential conflict of interest that is addressed in the Code of Ethics. Autumn Wind is required to place your interests first and devote sufficient time with all clients to serve their needs.

Autumn Wind manages one or more private investment entities and individual investment accounts with investment goals and strategies that may be substantially similar to those of Autumn Wind Global Multi-Strategies Fund. Participation in specific investment opportunities may be appropriate, at times, to the Fund and one or more of such entities or accounts. In such cases, participation in such opportunities will be allocated on the basis of the relative amounts of capital available for new investments in such opportunities, guidelines established by the client, and applicable tax and regulatory considerations.

## **Item 11 - Code of Ethics**

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### **1. General Information**

Autumn Wind, its principals and employees adhere to the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute, of which Mr. Neal Falkenberry (a principal of Autumn Wind) is a

member. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. Pursuant to the Code of Ethics with regard to confidentiality, and the avoidance of potential conflicts of interest, all transactions executed at Autumn Wind, including those on behalf of its principals and employees, are reviewed daily to prevent the misuse of material non-public information by Autumn Wind, its principals and employees and other violations of law or conflicts of interest.

As a fiduciary, Autumn Wind Asset Management owes its clients undivided loyalty. Our clients trust us to act on their behalf, and we hold ourselves to the highest standards of fairness in all such matters.

Autumn Wind expects all employees to:

- Act with integrity, competence, dignity, and in an ethical manner when dealing with everyone.
- Adhere to the highest standards with respect to any potential conflicts of interest with client
- No officer or employee should ever enjoy an actual or apparent benefit over the client's account
- Preserve the confidentiality of information obtained in the course of business
- Use such information properly and never in a way that harms the clients' interests
- Conduct personal financial affairs in a prudent manner and deal objectively with our clients.

All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. Violations of this Code of Conduct may warrant sanctions which may include suspension or dismissal, at the discretion of management.

We may recommend an investment in the Autumn Wind Global Multi-Strategies Fund, or a transfer of capital from an individually managed account into partnership. We explain and discuss with the client the differences in the investment process, liquidity, and risk profile between an individually managed account and the partnerships. Possible changes in fees and expenses are explained and the client is furnished a copy of the Offering Memorandum of the partnership.

Our advisors may participate alongside our clients in the purchase and/or sale of registered securities, but only if it does not adversely impact the pricing and availability of the transaction for clients or otherwise operate to the detriment of clients.

Policies and procedures have been designed to ensure that any employee's personal securities transactions do not disadvantage our clients. These procedures require pre-clearance of all personal trades by employees in securities (other than open-end mutual funds, U.S. government securities, exchange trade funds, and various money market instruments). Neither Autumn Wind nor its employees may enter trades on behalf of their own account or any account over which they have control or in which they have a beneficial interest if it would cause harm to a client.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

- We shall not buy or sell securities for our personal portfolio(s) where this decision is substantially derived, in whole or in part, from our role as an Investment Advisory Representative of Autumn Wind Asset Management, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.
- We emphasize your unrestricted right to decline to implement any advice rendered.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

You may request a copy of the firm's Code of Ethics by contacting Neal Falkenberry.

## **2. Responsibility**

It is the responsibility of all supervisory personnel to ensure that we conduct business with the highest level of ethical standards and in keeping with our fiduciary duties to you. We must put your interests first and refrain from having outside interests that conflict with your interests.

## **3. Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to it in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **4. Prohibited Acts**

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

## **5. Conflicts of Interest**

We have a duty to disclose potential and actual conflicts of interest. We have a duty to report potential and actual conflicts of interest to management. Gifts (other than de minimis gifts, which are usually defined as having a value under \$100.00) should not be accepted from persons or entities doing business with us.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise. Please see “Item 10 - Other Financial Industry Activities and Affiliations” for more information regarding conflicts of interest.

## **6. Use of Disclaimers**

We shall not attempt to limit liability for willful misconduct or gross negligence through the use of disclaimers.

## **7. Suitability**

We shall only recommend those investments that we believe are suitable for you based upon your particular situation and circumstances. You must notify us of any significant changes in your situation or circumstances so that we can respond appropriately.

# **Item 12 - Brokerage Practices**

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## **1. Soft Dollars**

We have one brokerage relationship where commissions on client portfolio transactions are used to acquire research or brokerage services beyond basic broker-provided research coverage. This is referred to as a soft-dollar arrangement. This relationship is with Schwab Institutional a division of Charles Schwab & Co. (“Schwab”). We may receive access to product research, services, technology and other educational information to help us operate efficiently, grow our business and deliver exceptional service to clients. No client is charged for these services and the information received may be used to benefit all of our clients, not just the ones custodied at that particular institution. However we do receive a benefit from these services since we do not have to produce or pay for the research, products or services.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge. Schwab’s brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or settle into Schwab accounts.

Schwab also provides us access to products and services that benefit us but may not benefit your accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information

and other market data, facilitate payment of our fees from our your accounts, and assist with back office functions, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab.

Schwab also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services. Schwab may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a fiduciary, we endeavor to act in our clients' best interests and our requirement that clients maintain their assets in accounts at Schwab or another custodian may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest. We 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 our clients' interest in receiving most favorable execution. We monitor for this and do periodic evaluations of other providers to determine that we are selecting broker-dealers based on the factors listed under the section "Best Execution" rather than just on our desire to have the other research and services.

We also receive soft dollars from some broker-dealers with whom we effect transactions which enhances our investment decision making process. We believe that the commissions paid in these situations are competitive with rates paid for comparable research coverage from other sources. We use the research to benefit all of our clients.

Autumn Wind does not execute all of its trades through any single broker/dealer. We maintain relationships with many global broker/dealer firms and trade using technology to identify the firm with the best bid/ask price. Once the trade has been completed, it will settle at Charles Schwab. As a result, a single statement will reflect all investment holdings and activity.

We will arrange for the execution of securities brokerage transactions for your account through Broker-Dealers that we reasonably believe will provide "best execution." These transactions will take place through Schwab Institutional a division of Charles Schwab & Co. ("Schwab"). In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest

possible commission rates for account transactions. As part of our efforts to obtain best execution, we may aggregate orders or “block trade” for several clients. Each client that participates in a block trade will receive the average share price and a pro rata portion of the transaction cost on a trade. Because clients have different brokerage relationships, some clients' accounts may not be eligible to participate in block trades.

## **2. Brokerage for Client Referrals**

We do not receive any compensation or incentive for referring you to certain broker-dealers for brokerage trades.

## **3. Directed Brokerage**

We have the authority to determine the broker-dealer used and the commission rates paid in effecting transactions for client accounts. We strive to achieve best execution (i.e. best overall qualitative execution and not necessarily the lowest commission cost considered in isolation) for client accounts in selecting broker-dealers and determining the reasonableness of their compensation. We do periodically evaluate broker-dealers based on a variety of factors, including, the value of research provided, commission rates, the ability to negotiate commissions or volume discounts, execution capability, the financial condition of the broker-dealer and the responsiveness of the broker-dealer.

We maintain a preferred brokerage and custodial relationship with Charles Schwab Institutional (“Schwab”). While client trades may be entered via the Schwab electronic trading platform, most trade executions occur across many firms (Morgan Stanley, Goldman Sachs, and Piper Jeffrey, etc.) based solely on best executions. We are not required by Schwab to execute a number of trades through their platform. We receive no compensation from Schwab for either bringing or maintaining a custodial relationship to Schwab or for executing trades through Schwab.

By directing brokerage to Schwab, you may pay higher fees or transaction costs than those obtainable by other broker-dealers. In most cases, we believe you are paying a discounted and reasonable rate. You may pay higher or lower fees if you select another broker-dealer. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction.

Not all advisory firms require you to direct brokerage to a specific broker-dealer. If you direct us to use another broker-dealer, we may be unable to achieve favorable execution of your transactions. You may pay higher fees to use another broker-dealer. We may be unable to aggregate orders to reduce transaction costs, or you may receive less favorable prices since we are not in a position to negotiate.

### **Autumn Wind Global Multi Strategies Fund**

We have full authority to determine broker-dealers to be used and commissions to be paid with respect to securities transactions affected for the pooled investment vehicles in Autumn Wind Global Multi Strategies Fund. Similarly, unless a separate account client directs the use of a particular broker-dealer, we have the authority to select broker dealers to be used to effect trades and the commission rates to be paid.

## Item 13 - Review of Accounts

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### 1. Duty to Supervise

We are responsible for ensuring adequate supervision over the activities of all persons who act on our behalf. Specific duties include:

- Establish procedures that could be reasonably expected to prevent and detect violations of law by our Advisory personnel
- Analyze operations and create a system of controls to ensure compliance with applicable securities laws
- Ensure that all Advisory personnel fully understand the Company's policies and procedures
- Establish a review system designed to provide reasonable assurance that our policies and procedures are effective and being followed

### 2. Reviews

All accounts are reviewed on a continuous basis to determine their conformity with your investment objectives and guidelines. Each Portfolio manager receives daily updates of portfolio positions and transactions for which she or he is responsible. The Chief Investment Officer and portfolio managers review and discuss portfolio status, potential investments and related issues at least monthly.

### 3. Reports

Our clients receive two types of written monthly statements, one from Schwab and another more detailed written report from us. In addition, 24/7 web access to view account balances and transactions is available through Schwab. Portfolio returns are calculated by an independent accounting firm and reported on your Autumn Wind statement each month. You must notify us of any discrepancies in the account or any concerns you have about the account. In depth analysis of returns is presented and discussed with you on a quarterly basis or on a schedule upon which we both agree.

## Item 14 - Client Referrals and Other Compensation

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We do not receive compensation for referring clients to other firms or managers nor do we pay anyone to refer clients to us.

## Item 15 - Custody

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We do not have custody of any accounts except for the Fund. However, we may be deemed to have custody of your accounts if we have the ability to deduct your quarterly fees from the custodian. We use Schwab Institutional a division of Charles Schwab & Co. as the custodian and/or broker-dealer for all your accounts. You should receive at least monthly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare



this official custodial record to the account statements that we may provide to you. If you notice any discrepancies, please contact Neal Falkenberry.

We do not debit the client fees directly from your advisory account. Only the custodian has the authority to directly charge and debit the advisory fee to your account, which is then forwarded to us. The Custodian will provide you immediate transaction confirmations and monthly statements, either by mail or electronically per your request. Monthly statements list the total value of the account at the start and end of the month and itemize all transactions and security positions. For taxable accounts, the Custodian will provide you consolidated year-end summary statements including IRS forms 1099 and other tax-related forms, as applicable. We are not allowed to make alterations or amendments to the custodian's statement. This preserves the integrity of the Custodian's statement and provides you with an independent appraisal of the account.

## **Item 16 - Investment Discretion**

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We usually receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold, the broker-dealer to be used for purchases or sales of securities for your account, commission rates to be paid to a broker or dealer for your securities transaction, asset management and fund services. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

We have full discretion under our separate accounts investment advisory contract with Autumn Wind Global Multi-Strategies fund to buy and sell securities without prior client approval. We exercise our investment discretion consistent with the applicable investment strategy, as well as any separate account investment guidelines or restrictions imposed by you and accepted by us.

## **Item 17 - Voting Client Securities**

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Autumn Wind Asset Management acknowledges its fiduciary responsibility to vote proxies in a manner that ensures the exclusive benefit of the underlying participants and beneficiaries, while using the care, skill, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the circumstances then prevailing. The principles for voting proxies are as follows:

- The firm votes all proxies to, in its opinion, maximize shareholder value, which is defined as long term value through price appreciation. The firm tends to vote non-shareholder-value issues in alignment with management's recommendations if there is no conflict with shareholder value.

For example, “poison pills” and other anti-takeover measures are not supported, even if recommended by management.

- Reasonable efforts are made to inform the relevant portfolio manager and research analyst of the proxy material. If a portfolio manager, in consultation with supporting or research analysts, as applicable, believes that it is in the best interest of the client or beneficiaries to vote in a manner contrary to the established Proxy Voting Guidelines, the portfolio manager will instruct the individual responsible for communicating votes.
- Absent any special circumstance, the Proxy Voting Guidelines are followed when voting proxies.
- The firm may occasionally be subject to conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. The firm and its employees may also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. If at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the director of Compliance. Conflicts of interest are handled in various ways depending on the type and materiality.

A copy of Autumn Wind Asset Management’s proxy voting policies and procedures are available to you upon request.

## **Item 18 - Financial Information**

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We may be required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

We do not charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.

# Glossary of Key Terms

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**Adviser** – Autumn Wind Asset Management

**Advisor** – Your individual representative at Autumn Wind Asset Management

**Asset Allocation**– The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals. A key concept in financial planning and money management.

**Asset-class investment portfolios**–An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

**Diversification** – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

**Exchange-Traded Funds** — A type of an investment company (either an open-end company or UIT) whose objective is to achieve the same return as a particular market index. ETFs differ from traditional open-end companies and UITs, because, pursuant to SEC exemptive orders, shares issued by ETFs trade on a secondary market and are only redeemable from the fund itself in very large blocks (blocks of 50,000 shares for example).

**Expense Ratio** — the fund's total annual operating expenses (including management fees, distribution (12b-1) fees, and other expenses) expressed as a percentage of average net assets.

**Fees**– a list of all fees associated with different products we offer are listed below:

1. **12b-1 Fees** — Fees paid by the fund out of fund assets to cover the costs of marketing and selling fund shares and sometimes to cover the costs of providing shareholder services. "Distribution fees" include fees to compensate brokers and others who sell fund shares and to pay for advertising, the printing and mailing of prospectuses to new investors, and the printing and mailing of sales literature. "Shareholder Service Fees" are fees paid to persons to respond to investor inquiries and provide investors with information about their investments.
2. **Account Fee**— A fee that some funds separately impose on investors for the maintenance of their accounts. For example, accounts below a specified dollar amount may have to pay an account fee.
3. **Distribution Fees** — Fees paid out of fund assets to cover expenses for marketing and selling fund shares, including advertising costs, compensation for brokers and others who sell fund shares,

and payments for printing and mailing prospectuses to new investors and sales literature prospective investors. Sometimes referred to as "12b-1 fees."

4. **Management Fee** — fee paid out of fund assets to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and any administrative fee payable to the investment adviser that are not included in the "Other Expenses" category. A fund's management fee appears as a category under "Annual Fund Operating Expenses" in the Fee Table.
5. **Operating Expenses** — the costs a fund incurs in connection with running the fund, including management fees, distribution (12b-1) fees, and other expenses.
6. **Purchase Fee** — a shareholder fee that some funds charge when investors purchase mutual fund shares. Not the same as (and may be in addition to) a front-end load.
7. **Redemption Fee** — a shareholder fee that some funds charge when investors redeem (or sell) mutual fund shares. Redemption fees (which must be paid to the fund) are not the same as (and may be in addition to) a back-end load (which is typically paid to a broker). The SEC generally limits redemption fees to 2%.
8. **Sales Charge (or "Load")** — the amount that investors pay when they purchase (front-end load) or redeem (back-end load) shares in a mutual fund, similar to a commission. The SEC's rules do not limit the size of sales load a fund may charge, but FINRA rules state that mutual fund sales loads cannot exceed 8.5% and must be even lower depending on other fees and charges assessed.
9. **Shareholder Service Fees** — fees paid to persons to respond to investor inquiries and provide investors with information about their investments. See also "12b-1 fees."

**Index Fund** — describes a type of mutual fund or Unit Investment Trust (UIT) whose investment objective typically is to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, the Russell 2000 Index, or the Wilshire 5000 Total Market Index.

**Investment Adviser** — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

**Investment Company** — a company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities. The three basic types of investment companies are mutual funds, closed-end funds, and unit investment trusts.

**Investment Goals**— objective or target, usually driven by specific future financial needs. Some common goals for an individual are: saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

**Investment Objectives**— The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

**Margin**—borrowing money (usually using securities you already own as collateral) that is used to purchase securities

**Mutual Fund** — the common name for an open-end investment company. Like other types of investment companies, mutual funds pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, or other securities. Mutual funds issue redeemable shares that investors purchase directly from the fund (or through a broker for the fund) instead of purchasing from investors on a secondary market.

**NAV (Net Asset Value)** — the value of the fund's assets minus its liabilities. SEC rules require funds to calculate the NAV at least once daily. To calculate the NAV per share, simply subtract the fund's liabilities from its assets and then divide the result by the number of shares outstanding.

**Option Contracts**—the right, but not the obligation, to buy (for a call option) or sell (for a put option) a specific amount of a given stock, commodity, currency, index, or debt, at a specified price (the strike price) during a specified period of time. For stock options, the amount is usually 100 shares. Each option contract has a buyer, called the holder, and a seller, known as the writer. If the option contract is exercised, the writer is responsible for fulfilling the terms of the contract by delivering the shares to the appropriate party. In the case of a security that cannot be delivered such as an index, the contract is settled in cash. For the holder, the potential loss is limited to the price paid to acquire the option. When an option is not exercised, it expires. No shares change hands and the money spent to purchase the option is lost. For the buyer, the upside is unlimited. Option contracts, like stocks, are therefore said to have an asymmetrical payoff pattern. For the writer, the potential loss is unlimited unless the contract is covered, meaning that the writer already owns the security underlying the option. Option contracts are most frequently used as either leverage or protection. As leverage, options allow the holder to control equity in a limited capacity for a fraction of what the shares would cost. The difference can be invested elsewhere until the option is exercised. As protection, options can guard against price fluctuations in the near term because they provide the right to acquire the underlying stock at a fixed price for a limited time. Risk is limited to the option premium (except when writing options for a security that is not already owned). However, the costs of trading options (including both commissions and the bid/ask spread) is higher on a percentage basis than trading the underlying stock. In addition, options are very complex and require a great deal of observation and maintenance.

**Portfolio** — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

**Profile** — summarizes key information about a mutual fund's costs, investment objectives, risks, and performance. Although every mutual fund has a prospectus, not every mutual fund has a profile.

**Prospectus** — describes the mutual fund to prospective investors. Every mutual fund has a prospectus. The prospectus contains information about the mutual fund's costs, investment objectives, risks, and performance. You can get a prospectus from the mutual fund company (through its website or by phone or mail). Your financial professional or broker can also provide you with a copy.

**Risks**—a list of all risks associated with the strategies, products and methodology we offer are listed below:

## Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- When using this method with mutual funds, the funds are composed of many companies and not all of them will be undervalued
- The data used may be at least six months out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- A fundamental analyst assumes that other fundamental analysts will form the same view about the company and buy the stock, thus restoring its value and returning the trader or investor a capital gain. In practice, an undervalued company's stock price can stay at approximately the same level (or decline) for years.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- Even when fundamental analysis reveals an undervalued company, or a stock with high growth prospects, it does not tell us anything about the timing of the purchase of the stock. In other words, we may have discovered a grossly undervalued stock whose price has been falling for some time, and may well continue falling.

## Mutual Funds Risk

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk - The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.

- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- **Call Risk** - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

## Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities.

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

Not all stock funds are the same. For example:

- Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.
- Income funds invest in stocks that pay regular dividends.

- Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all — or perhaps a representative sample — of the companies included in an index.
- Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

#### Alternative Investment Risk

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Restrictions on transferring interests in the fund
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds

#### Overall Fund Risk

- Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.
- Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.
- While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

#### Technical Analysis risk

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.



- Models and rules can incur sufficiently high transaction costs.

**Risk Tolerance**— the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly-graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal dispositions

**Third Party Money Manager**—the professional management of various securities (shares, bonds and other securities) and assets (e.g., real estate), to meet specified investment goals for the benefit of the investors. The managers are not the actual advisers working with the investor. Investors may be institutions (insurance companies, pension funds, corporations, individuals etc.

**Total Annual Fund Operating Expense** — the total of a fund's annual fund operating expenses, expressed as a percentage of the fund's average net assets. You'll find the total in the fund's fee table in the prospectus.

**You** – the client