

Lynch Asset Management, Inc.

**16 Creekview Lane
Yardley, PA 19067**

**215-801-1550 (Office)
215-801-5230 (Cell)**

www.lynchassetmanagement.com

Form ADV Part 2A Brochure

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Hours by Appointment Only

This brochure provides information about the qualifications and business practices of Lynch Asset Management, Inc. (LAM). If you have any questions about the contents of this brochure, please contact us at 215-801-1550 or at mlynch.cfa@gmail.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Lynch Asset Management, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain 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 Lynch Asset Management, Inc. is also available on the SEC's web site at www.adviserinfo.sec.gov. Lynch Asset Management, Inc.'s CRD number is: 159938.

MATERIAL CHANGES

This brochure is our disclosure document prepared in accordance with the United States Securities and Exchange Commission's (SEC) current requirements and rules. This brochure provides you with a summary of Lynch Asset Management, Inc. (LAM, the firm, we or us) services and fees, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This section is used to provide our clients with a summary of new and/or updated information.

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end of December 31st. We will provide you with either a summary of the revised information with an offer to deliver the full revised brochure within 120 days of our fiscal year end or we will provide you with our revised brochure that will include a summary of the changes in this section.
- **Material Changes:** Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this section). "Material changes" requiring prompt notification will include changes of ownership or control, location, disciplinary proceedings, significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us and how we do business.

Please note the following material change to our business since our last annual filing on January 18, 2021:

- LAM has added written acknowledgement of fiduciary status language. (Item 2)

Other routine updates may have been made to this brochure. To receive a current copy of this brochure at any time, please contact us by telephone at (215) 801-1550 or via email at mlynch.cfa@gmail.com.

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1. ADVISORY BUSINESS INTRODUCTION

Lynch Asset Management, Inc. is a corporation formed under the laws of the Commonwealth of Pennsylvania. We are an Investment Advisory firm registered in the State of Pennsylvania.

Lynch Asset Management, Inc. was founded by Mark R. Lynch, CFA, who has over 40 years of investment experience as a security analyst and portfolio manager. Mr. Lynch is responsible for all investment strategy, security analysis and portfolio management decisions for Lynch Asset Management.

A graduate of Bucknell University, Mr. Lynch also holds an M.B.A. from Fordham University. He has been a Chartered Financial Analyst (CFA) since 1991. He is a member of the CFA Institute of New York and the CFA Institute of Philadelphia.

Services

We provide investment advisory services. Clients seek our counsel on a broad spectrum of investment advisory services, including general wealth management, IRA rollover accounts, and corporate accounts. Our focus is on managing your investment assets in an unbiased professional way, catering to your unique needs and circumstances. We will help you develop and execute a plan designed to build and preserve your wealth.

As of September 30, 2021, we provided asset management services for twenty-two accounts, with \$137,990,860 million of regulatory assets under management.

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;
- Price and timing of security transactions.

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.

Investment Advisory Services

Lynch Asset Management's objective is to generate superior, long-term investment returns with controlled risk exposure by creating portfolios of diversified, high quality assets. Portfolios are structured with three asset classes: equities, fixed income and cash equivalents based on the client's objectives, risk preference and evaluation of current macroeconomic and financial market trends.

The process is disciplined but flexible enough to achieve the goals of each client. We begin by defining the client's objectives and risk tolerance. Consideration is also given to each client's tax situation and investment time horizon. 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 this information, along with our own global market outlook, Lynch Asset Management develops a customized portfolio for each client to achieve their goals consistent with their risk tolerance. The investments in the portfolio account may include stocks, bonds, mutual funds and exchange-traded funds. The next step involves the implementation of our recommendations. This step may involve the sale of existing securities and/or utilization of cash reserves. Once the portfolio is positioned, we monitor it on a daily basis for possible developments and take action as needed. Finally, we meet with clients on a periodic basis to evaluate the relationship, assess performance and alter strategy if necessary.

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;
- Assist you in setting and monitoring goals and objectives;
- Advise on asset allocation;
- Monitor and evaluate assets under management;
- Provide research and information on performance;
- Provide portfolio statements, individual holdings report and asset allocation statements as needed;
- Provide personal consultations as necessary upon your request or as needed.

A successful investment management relationship generally includes a clearly established investment profile, critical analysis, and ongoing communications. Steps in our investment management and asset allocation process include, but are not limited to:

We will meet with you to define your investment profile. We will ask you questions and listen to what you have to say. Our discussion helps to clarify your investment goals, time horizon and risk tolerance. In most cases we'll meet at your home, business, or other location that is convenient for you.

We will analyze your current holdings. After developing your investment profile, we will examine your existing holdings to consider if the current asset allocation is consistent with your objectives. Each of your individual holdings will also be analyzed to identify which assets you might keep or eliminate.

We will design an investment plan and portfolio for you. Since your financial situation is unique, we will develop a portfolio with you that is specific to your individual needs. We will also present recommendations regarding the procedures we plan to use to build your portfolio. We will repeat this step until you are comfortable with an investment program that has been designed for your unique situation.

Once your portfolio is established, our ongoing asset management may include monitoring market conditions and periodically communicating with you to determine if your investment profile has changed. If we agree that adjustments in your portfolio seem appropriate, we will make those adjustments. 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.

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 engage Lynch Asset Management, Inc. to provide our services, 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. 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. The custodian will affect transactions. You are notified of any purchases or sales through trade confirmations and monthly 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, at least quarterly, a statement containing a description of all the activity in your account from the custodian. This statement lists the total value at the start of the month, itemizes all transaction activity during the month, and lists the types, amounts, and total value of securities held as of the end of the month. You may request reviews of your account on a more frequent basis.

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Lynch Asset Management does not participate in any wrap fee programs.

2. WRITTEN ACKNOWLEDGEMENT OF FIDUCIARY STATUS

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

3. FEES AND COMPENSATION

We provide investment advisory 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. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

Our Investment Advisory Agreement defines what fees are charged and their frequency. In investment advisory relationships we will bill you quarterly and the payment is due at the beginning of the quarter. In the event the advisory contract is terminated before the end of the billing period, you will receive a pro rata refund of your quarterly fee within thirty days of the contract termination. The client has the right to terminate this agreement without penalty within five business days after entering into the agreement.

Investment Advisory Services

You may engage us to provide investment advisory services to you. We will review your financial circumstances, provide recommendations on asset allocation, and implement the appropriate agreed upon investment strategy. The fee charged is based upon the amount of money you invest. Payments are assessed at the close of business on the last day of each previous quarter, based upon the value of the assets under management. Clients will receive an invoice shortly thereafter with payment due 30 days from receipt of the bill. Fees will be calculated as follows:

| Assets Under Management: | Fee:* |
|--------------------------|------------|
| First \$15 million | 0.75% |
| Next \$30 million | 0.25% |
| Above \$50 million | Negotiated |

- **Note:** In some instances, and in consideration of its relationship with its client, Lynch Asset Management, Inc. may provide pro bono advisory services.

In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. Services for charitable organizations may or may not be provided on a pro bono basis.

Certain strategies offered by us involve investment in mutual funds. Load and no-load mutual funds may incur 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) fees, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund’s prospectus.

Your account at the custodian may also be charged for certain additional assets managed for you by us but not held by the custodian (i.e., mutual funds, 401(k)s).

Either party may terminate the agreement at any time by written notice to the other. In such cases, fees will be refunded on a pro-rated basis for work which has already been paid for but not completed.

4. PERFORMANCE BASED FEES AND SIDE BY SIDE FEES

We do not charge any performance-based fees. These are fees based on a share of capital gains or on capital appreciation of the assets of a client.

5. TYPES OF CLIENTS

We provide investment advisory services to individuals, charitable foundations and corporations. The principal business of Lynch Asset Management is focused on the investment needs of one family and its various interests. Any new referrals and accounts may be subject to minimum account size requirements. A number of Lynch family accounts are managed as well.

6. METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Equity Style

Lynch Asset Management’s objective is to identify great companies at attractive valuations. Our strategy focuses on companies with strong competitive positions, solid management, excellent balance sheets, consistent earnings growth and the potential to grow their revenues with new products and markets. Companies that exhibit these qualities have sustainable businesses that make them attractive long-term investments. This fundamental, company-focused research is the essence of our approach to investing.

Our focus on valuation mitigates potential downside risk while increasing the potential return. This discipline avoids popular trends or momentum investing similar to the late 1990’s in technology stocks. However, we will sell a stock if there is a deterioration in the long-term fundamental, management loses credibility or the investment thesis is no longer valid.

In assessing each company, we examine measures of both absolute and relative valuation. We are, however, disciplined in terms of what price to pay for these companies.

Our research process uses many resources, such as:

- SEC filings and annual reports;
- Fundamental statistical analysis;
- Third-party research;
- Financial periodicals;
- Corporate rating services;
- Company websites/Investor Relations Contacts.

Fixed-Income Style

Lynch Asset Management believes that preservation of capital, current income and liquidity are important objectives in the management of fixed income portfolios. Proper positioning along the yield curve as a result of economic analysis, interest rate forecasts and credit analysis are essential components in our fixed income management. The firm focuses on the short and intermediate portion of the yield curve where investors are able to capture the majority of the market's returns with significantly less price volatility. Our security selection is centered on creating a diversified portfolio of high-quality bonds rated A or better by Moody's and/or Standard and Poor's. The objective with our fixed-income portfolios is to generate current income, preserve capital, dampen the volatility of other asset classes and provide liquidity in case of need.

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, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

Exchange-Traded Funds – A type of 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).

Index Funds – 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.

Mutual Funds – 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.

No-Load Fund – A fund that does not charge any type of sales load, but not every type of shareholder fee is a “sales load,” and a no-load fund may charge fees that are not sales loads. No-load funds also charge operating expenses.

Open-End Company – The legal name for a mutual fund. An open-end company is a type of investment company. 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 bid/ask spread) are 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.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

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

- There are infinite numbers 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.

2. Mutual Funds Risk - Mutual funds can offer the advantages of diversification and professional management. As with other investment choices, investing in mutual funds involves risk and fees and taxes will diminish a fund’s returns.

Mutual funds also have features which some clients may 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. 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 at 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 adviser. You can also monitor how a stock’s price changes from hour to hour. With a mutual fund, the price you purchase or redeem shares for will typically depend on the fund’s NAV, which the fund may not calculate until many hours after you have 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. This is 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 which may 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 isles 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 gall, 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 stock 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 go 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 will need your money to meet a financial goal in the near-term, you probably cannot 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.

Unit Investment Trust (UIT) – A type of investment company that typically makes a one-time “public offering” of only a specific, fixed number of units. A UIT will terminate and dissolve on a date established when the UIT is created (although some may terminate more than fifty years after they are created). UITs do not actively trade their investment portfolios.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

7. 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 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 is in your best interests.

8. OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Neither LAM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

Neither LAM nor its representatives are registered as, or have pending applications to become, either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

We do not use outside advisors.

Mark Lynch is a member of the Chartered Financial Analyst Institute (CFA Institute), the CFA Society of New York, and the CFA Society of Philadelphia. Mr. Lynch is employed by a property/casualty insurance company in a supervisory role. He is not involved with any clients of that organization or involved with the sale/marketing of that company's products or services. Likewise, he is not involved with the sale/marketing of any securities or investment products. The CFA Code of Ethics applies to all his outside activities as well as those on behalf of LAM.

9. CODE OF ETHICS

We adhere to the Chartered Financial Analyst (CFA) Institute's Code of Ethics. At Lynch Asset Management, we maintain high standards of business conduct and hold ourselves to our fiduciary duty to you, our client. We do not recommend that clients buy or sell any security in which Lynch Asset Management or a related person has a material financial interest.

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

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 Lynch 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.

However, some securities trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records as required.

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.

Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal financial 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 will be sent to you annually or on request.

Prohibited Acts

The following acts are prohibited:

Employing any device, scheme or artifice to defraud

- Making any untrue statement of a material fact
- Purposely 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

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 \$250.00) should not be accepted from persons or entities doing business with us.

Mark Lynch, and the employees of LAM, may employ the same strategy for their personal investment account as they do for our clients. However, we do not place our orders in a way to benefit from the purchase or sale of a security.

We have a fiduciary responsibility to put client interests first.

Use of Disclaimers

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

Suitability

We shall only recommend those investments that we believe are suitable for you based upon your particular situation and circumstances. We have a fiduciary responsibility to our clients and we strive to only do what is in your best interests.

10. BROKERAGE PRACTICES

Lynch Asset Management does not recommend custodians/broker-dealers. When choosing a custodian/broker-dealer, we will adhere to its fiduciary duty to seek "best execution," which is the obligation to seek to execute securities transactions for a client on terms that are the most favorable to the client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and we may also consider the market expertise and research access provided by the payment of commissions, including but not limited to, access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of Lynch Asset Management. Lynch Asset Management will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Soft Dollars

Lynch Asset Management, Inc. does not engage in soft-dollar commission arrangements.

Brokerage for Client Referrals

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

Directed Brokerage

We have an obligation to seek best execution for you. 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.

You may direct us to use a specific broker or custodial firm. In these situations, we may not have the ability to obtain best execution or pricing of services. In a directed brokerage account, you may pay higher brokerage commissions.

Lynch Asset Management does not aggregate the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

11. REVIEW OF ACCOUNTS

Reviews

Reviews will be conducted by us on a daily basis. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts or corrections. You should notify us promptly of any changes to your financial goals, objectives or financial situation as such changes may require us to review your portfolio and make recommendations for changes.

Reports

You will be provided with account statements from the custodian reflecting the transactions occurring in the account on at least a quarterly basis. These confirmations will be delivered to you by your account custodian.

You will be provided with a quarterly review of your portfolio from LAM. You must notify us of any discrepancies in the account or any concerns you have about the account.

12. CLIENT REFERRALS & OTHER COMPENSATION

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

13. CUSTODY

Lynch Asset Management does not have direct or indirect custody of client assets. We encourage all clients to review their quarterly statements that they will receive from their custodian.

14. INVESTMENT DISCRETION

Lynch Asset Management receives discretionary authority from the client at the outset of an advisory relationship to select the timing, identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Accounts are managed in accordance with Lynch Asset Management's stated strategy and typically do not impose limitations on Lynch Asset Management's investment discretion. Lynch Asset Management observes the investment policies, limitations and restrictions of the clients it advises when selecting securities and determining transactions and position amounts.

15. VOTING CLIENT SECURITIES

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We are authorized to instruct the custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

16. FINANCIAL INFORMATION

We may be required to provide 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.

17. PRIVACY POLICY

Lynch Asset Management believes that a fundamental component of the company / client relationship is the client's trust that the company will protect the confidentiality, security and integrity of the client's personal information. Lynch Asset Management takes pride in its ability to keep their customers' information secure and confidential. Therefore, Lynch Asset Management has established the following privacy policy in order to inform its clients of their protection. This policy pertains to all facets of your relationship with Lynch Asset Management, including information provided by mail, telephone, over the internet, or in person.

- Lynch Asset Management restricts access to non-public personal information about you to only those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your non-public information.
- Information will be collected and utilized only to the extent necessary to deliver exceptional service to you.
- Lynch Asset Management collects personal information that you provide to us and information about your transactions with us. The company does not sell client lists or financial information about our clients to any third-party vendors.
- Lynch Asset Management is dedicated to maintaining accurate client records and shall work to correct any incorrect information in a timely manner. You may notify us by e-mail or regular mail to make any changes.
- This privacy policy applies to both current and former clients of Lynch Asset Management.
- Lynch Asset Management will provide disclosure of the privacy policy to all its clients.

The purpose of this privacy policy is to promote and maintain a commitment to privacy by Lynch Asset Management in its use of client information. Lynch Asset Management reserves the right to update and modify this privacy policy at any time and will advise you of significant changes. Lynch Asset Management will continue to monitor itself for compliance of its policies and procedures to protect client privacy.