

# COWEN PRIME ADVISORS LLC

## SAMJO INVESTMENT PROGRAM

(herein, the “SI Program” or the “Program”)

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March 1, 2023

This Brochure provides information about the qualifications and business practices of COWEN PRIME ADVISORS LLC (“CPA” or “we”). If you have any questions about the contents of this Brochure, please contact us at (646) 562-1010 or at the address referenced above, Attn: Rep Poppell, Chief Compliance Officer. 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.

CPA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The purpose of this Brochure is to provide you with information that will help you decide whether to retain us as your investment adviser.

This Brochure provides information about the Samjo Investment Program (“SI Program”) offered by CPA. CPA offers other investment advisory programs that are not described in this Brochure but are described in other CPA Brochures.

Additional information about CPA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

The Disclosure Brochure has been updated to reflect that fact that Cowen Prime Advisers, LLC (CPA) is ultimately owned by The Toronto-Dominion Bank as a result of an acquisition that was completed on March 1, 2023.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website by visiting [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) and searching our firm name. You may also request a copy of the Disclosure Brochure at any time by contacting us at (646) 562-1010. We encourage clients to review the entire Disclosure Brochure and to contact us at the number above with any questions.

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#### **Item 4. Advisory Business**

CPA is a Delaware limited liability company formed in March 2021. On May 31, 2021, CPA succeeded to the investment advisory business of Cowen Prime Advisors, which was previously operating as a division of Cowen Prime Services LLC (“CPS”) under the name, Cowen Prime Advisors. There were no practical changes of control or management of CPA and it operates as a separate firm and as an affiliate under common control with Cowen and Company, LLC (“CCO”), a Delaware limited liability company. CPA is directly owned by Cowen PB Holdings, LLC, a Delaware limited liability company, which in turn is primarily owned by Cowen Inc., a Delaware corporation. CCO serves as a broker-dealer for the execution of transactions in CPA client accounts. In November 2022, Cowen shareholders approved an agreement for Cowen, Inc. to be acquired by The Toronto-Dominion Bank in an all-cash transaction valued at approximately \$1.3 billion. The transaction was closed on March 1, 2023. As a result, Cowen, Inc. is a wholly owned, indirect subsidiary of The Toronto-Dominion Bank.

CPA offers several investment advisory services to its clients, many of which provide differing types of investment management styles and/or services. This Brochure relates only to the SI Program, and no other advisory programs are discussed in this Brochure. Information regarding other investment advisory programs offered by CPA is contained in other CPA brochures which may be obtained by contacting CPA at the address and phone number referenced above, Attn: Rep Poppell, Chief Compliance Officer. The SI Program focuses on the discretionary management of client funds pursuant to an investment strategy that seeks enhanced absolute and relative returns while seeking to minimize risk to capital over a five-year investment horizon. The SI Program utilizes a value-oriented approach to investment selection focusing on investments as to which it is believed the intrinsic value will increase over time, and it does not limit itself to investments in particular market capitalizations, industry classifications or security type. See the discussion in Item 8 below for a description of the methods of analysis and investment strategies used in the SI Program.

Since the SI Program tends to invest on a highly concentrated basis (defined by the number of investments) in a wide range of securities with varying market capitalizations, industry classifications and security types, it is generally not possible to tailor portfolios to the particular needs of any particular client. This program will adjust the degree of concentration and diversification depending on risk tolerance, investment goals of the client and market conditions. Generally, the number of equity securities positions held per account is less than fifty. In addition, a client would not normally have the ability to impose any restrictions on investing in certain securities or types of securities within the SI Program.

As of the December 31, 2022, CPA managed approximately \$345,388,040 of client assets on a discretionary basis. Of this amount, approximately \$206,885,177 was managed as part of the SI Program.

#### **Item 5. Fees and Compensation**

We receive a management fee for managing client assets in the SI Program based on a client’s assets under management in the Program. Such management fee ranges between 0.5% and 2.0% of the assets under management in a client’s account. Fees may be negotiable within the range indicated

based upon several factors, including the size of the account, the relationship of the particular client to other existing or potential clients or accounts, the commission rates to be charged to an account, and other factors that may be deemed significant by us in any particular instance.

Management fees will normally be paid in advance based upon the value of the client's account as of the close of the previous quarter (prorated for accounts opened on any day other than the first day of a quarter). No adjustment will be made in any asset-based fee paid in advance for a quarter in the event funds are added to or withdrawn from an account during the quarter. However, if an account paying an asset-based fee in advance is terminated prior to the end of a calendar quarter; any unearned fees paid in advance will be refunded to the client. Our fee is normally deducted directly from the client's account (that is, our clients are not separately billed for the amount of the fee), but if a client would prefer to be invoiced for services rendered, we will bill the client directly. We will also share a portion of our asset-based management fee with those of our advisory personnel who manage portfolios under the SI Program ("Portfolio Managers").

As noted above, we often utilize the brokerage services of CCO, our affiliated broker-dealer, to execute transactions in CPA client accounts. In the event that CCO executes such transactions, it may retain compensation it earned on those transactions and will not credit those amounts against our management fees. Our SI Program's Portfolio Managers will not participate directly in any compensation received by CCO with respect to accounts in the SI Program. However, the potential benefit to CCO in connection with transactions in SI Program accounts gives CPA and such Portfolio Managers an incentive to execute orders through CCO and, in certain limited instances, recommend investments based upon the compensation received by CCO because of the affiliation between CCO and CPA rather than on the needs of our clients. See Item 12 below for a further description of our brokerage practices in connection with the SI Program.

CCO is an introducing broker-dealer that clears its transactions on a fully disclosed basis through Pershing LLC ("Pershing", the "Clearing Firm", or the "Custodian"). Pershing will serve as the qualified custodian for CPA client accounts. The account statements you receive from Pershing, the Custodian, will reflect the deduction of fees. You are responsible for verifying that the fee you are charged is accurate. The Custodian will not determine whether the fee is properly calculated. Should you find an error, please contact your Portfolio Manager immediately. If you are not satisfied with the action your Portfolio Manager takes, you should contact CPA at the number on the cover page of this brochure.

Our firm's Code of Ethics, which sets forth the standard of conduct expected of our employees (see Item 11 for a discussion of our Code of Ethics), requires our personnel to act only in the best interests of our clients. Our supervisory personnel monitor the trading in advisory accounts in order to detect any level or type of trading that appears to be influenced by the compensation received by CCO. CPA's policies and procedures require supervisory personnel to bring possibly inappropriate trading to the attention of senior management for further review and analysis.

It is not possible to know the exact percentage of transactions that will be effected by CCO as the broker-dealer as opposed to an unrelated broker-dealer in the future. However, it is likely that a material percentage, and possibly a majority, of the transactions will be effected by CCO.

Prospective clients should also see Item 12 below for further information about the factors that we will consider in selecting or recommending broker-dealers for client transactions (when such transactions are not effected by CCO) and determining the reasonableness of their compensation.

Our fees, described above, are exclusive of related costs and expenses which will be incurred by the client. Clients will incur odd-lot differentials, transfer taxes, interest charges on margin transactions, wire transfer and electronic fund transfer fees, asset movement fees, postage, foreign currency exchange fees, foreign securities costs, deferred sales charges (if applicable), ticket charges, custodial fees, maintenance fees, confirmation fees, FX fees and other fees and taxes on brokerage accounts and securities transactions and for other optional services elected by you as applicable on a per event basis. CPA reserves the right to waive or absorb any such fees, costs or expenses for a client if it decides, in its sole discretion, to do so. If an account is invested in mutual funds or exchange traded funds, the managers of those funds also charge internal management fees, which are disclosed in a fund's prospectus. All of such charges, fees and commissions are in addition to the applicable management fee assessed by CPA pursuant to each respective client's agreement with CPA. CPA and the Portfolio Managers will not share directly in any commissions and other compensation received by CCO or any other executing broker based on activity in SI Program accounts. However, as detailed further in Section 14, CCO receives payments from the Custodian relating to the assets and activity in the client's account, including business development credits, a portion of credit interest and money market fee revenue, and a portion of any margin interest charges paid by a CPA client account. All such fees and expenses are subject to the pricing schedule set by the Clearing Firm and are shared between the Clearing Firm and CCO pursuant to the terms of the agreement between the Clearing Firm and CCO. Further, CCO has the ability to set the interest rate charged to any margin balance associated with a CPA client account. Although the Portfolio Managers will not share in such fees or commissions paid by accounts in the SI Program, they may be motivated to effect transactions in a manner that increases the revenue received by CCO as a result of transactions in SI Program accounts.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

A performance-based fee is one in which an investment adviser is paid a fee that is based upon the gains made in the client's account. At present, we currently do not charge a performance fee in the SI Program. In addition, CPA does not currently offer any other advisory program that provides for the payment of a performance fee.

The Portfolio Managers of the SI Program are associated with the general partner and/or investment advisors to private investment funds that are not managed by CPA. Those managers/investment advisers receive a performance-based fee for their management of the private investment funds. Performance-based fee arrangements may create an incentive for recipients of

such fees to favor such potentially higher fee-paying accounts over other accounts that they manage in the allocation of available investment opportunities.

Under our Code of Ethics, we and our personnel are required to treat all clients fairly, and not to intentionally favor any one client or type of client over any other client in allocating investment opportunities.

## **Item 7. Types of Clients**

We offer the SI Program to high-net-worth individuals, groups of related family members, trusts, estates and charitable institutions, pension and profit-sharing plans, pooled investment vehicles, and corporations and other business organizations. Clients must generally invest a minimum of \$500,000 in order to participate in the SI Program, but CPA may waive that requirement at any time in its discretion.

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

*Investment Strategy.* The investment objective of the Portfolio Managers in the SI Program is to provide enhanced absolute and relative returns while minimizing the risk to capital over any five-year investment horizon. The Portfolio Managers utilize a long-biased, value-oriented, investment strategy with a strong emphasis on individual security selection. The Portfolio Managers' investment philosophy focuses on uncovering differentiated, long-term investment opportunities within a strict value-driven framework. The Portfolio Managers intend to invest in securities that meet their quantitative and qualitative investment criteria regardless of market capitalization, industry classification or security type. The fact that the SI Program has the freedom "to go where value exists" results in the possibility that, at times, client accounts will have a concentration (defined by the number of positions) in securities issued by companies within a variety of different capitalizations or industry classifications. Since investments are judged on their ability to increase in value over a long-term time horizon, frequent trading will generally not be a strategy of the SI Program and, as a result, commissions and other trading costs are not likely to be a significant expense of the Program over time.

The SI Program focuses on the belief that there are inefficiencies in the markets for certain securities, more commonly in the securities of businesses with one or more of the following characteristics: businesses that are difficult to model; limited institutional research coverage; a complex operating or capital structure; unrelated operating segments; operational difficulties; erratic financial performance; corporate restructuring activity; limited publicly-held comparable issuers; and participation in an industry experiencing structural change. The Portfolio Managers perform extensive primary research to support their investment screening process, including rigorous company-specific and industry analyses, management interviews, company meetings, and detailed due diligence inquiries with customers, suppliers, and competitors.

The Portfolio Managers will look to invest in companies whose debt and equity securities trade at what they believe is a substantial discount to their fair or intrinsic value. Accordingly, the foundation of the investment process in the SI Program is the accurate determination and measurement of such value. The Portfolio Managers often utilize multiple valuation methodologies and criteria to arrive at an estimate of the true underlying value. These include traditional valuation metrics such as the ratios

of price to book value, enterprise value to cash flow, price to earnings, and price to revenues. The Portfolio Managers will analyze these metrics in the context of a company's historical valuation parameters, as well as the current and historical valuations of both its peer group and the market in general. The Portfolio Managers may look to determine the price a strategic or financial buyer would pay to acquire the entire business (i.e., private market value) or the cost of replicating or recreating the business enterprise or assets in question. The Portfolio Managers will additionally consider any external factors that may affect value, such as the relative interest rate environment and the state of industry fundamentals.

In seeking to achieve the goal of the SI Program, the Portfolio Managers augment a disciplined, value-based approach with a focus on those investments where, it is believed, the intrinsic value should increase over time. These are businesses with strong and enduring franchises serving markets with high barriers to entry. They often command a leadership position in their respective industry, which is demonstrated through market share, high value-added/best in class products and services, or ownership of assets that are unique and difficult to replicate. As these businesses grow, their competitive position should strengthen, resulting in improving profitability and returns on capital. Industry fundamentals should be transparent and support a reasonable case for sustainable secular growth. The factors influencing secular change in an industry should increase the value of the company's products, services, or assets. The Portfolio Managers favor businesses with strong management teams who have proven track records of creating value and aligning their interests with the interests of their public stakeholders. Management should also have a well-defined business plan that incorporates a sound strategy for capital allocation and redeployment.

While the SI Program will invest primarily in equities, debt and related securities or financial instruments, in order to maintain flexibility and to capitalize on investment opportunities as they arise, the Program is not required to invest any particular percentage of client portfolios in any particular type of investment or region, and the amount of a client's portfolio which is invested in any type of investment, or which is long or short, or which is weighted in different countries, different sectors or different strategies can change at any time based on the availability of attractive market opportunities. Accordingly, a client's investments may at any time include long or short positions in U.S. or foreign publicly-traded or privately-issued or negotiated common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, swaps, options (purchased or written), and other derivative instruments, partnership interests and other securities or financial instruments, including those of investment companies.

*Risk of Loss.* Although investments made for clients in the SI Program offer the opportunity for capital appreciation, all investments in securities come with risks that could result in significant losses that clients should be prepared to bear. These risks arise from several sources. The issuers of securities in which the Portfolio Managers invest may not perform as expected, or they may be affected by unexpected adverse events relating to them specifically or to the markets in general which could adversely affect their value. Moreover, even if such issuers perform as expected, such performance may not be reflected in the market value of their securities. General market conditions also affect the value of securities in which the Program will invest, and such conditions may be adversely affected by national and international economic and political conditions and events and by other factors. The events which



may adversely affect the value of securities in which the Program invests are beyond the control of the Portfolio Managers and may occur suddenly, leaving little time for the Portfolio Managers to take appropriate action.

Marketable securities typically fluctuate in price daily, sometimes substantially. These fluctuations may affect clients' short-term investment performance. Such fluctuations may occur at times when the Portfolio Managers wish to sell securities held in client accounts, and this may affect the Portfolio Managers' ability to limit losses for clients.

In some cases, client accounts may invest in securities for which there is a limited market. Under such circumstances, the Portfolio Managers may not be able to sell such securities for clients when they desire or at prices which they believe represent appropriate value.

There can be no assurance that the SI Program will achieve its investment objectives. In addition to the general risks of loss discussed above, the SI Program is subject to a number of risks that are specific to its investment strategies, including the following:

*Lack of Diversification.* Client portfolios in the SI Program are not intended to be diversified among a wide range of industries or types of investments. Accordingly, the portfolios' investments may be subject to more rapid change in value than would be the case if such portfolios maintained a wide diversification among industries and types of investments.

*Research Sharing.* There will be certain times that research and investment ideas will be shared between Portfolio Managers of the ISV Program and the Portfolio Managers of the SI Program. These Portfolio Managers have a long history of working together in research and trading styles.

*Non-U.S. Securities.* The SI Program intends to invest in non-U.S. securities. Investing in non-U.S. securities, which are generally denominated in non-U.S. currencies, and utilization of options on non-U.S. securities, involve risks not typically associated with investing in U.S. corporate or government securities. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

*Options.* The Portfolio Managers may buy or sell options from time to time in the SI Program to either hedge an existing position or for efficient investment purposes. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium it paid to purchase the option. Selling options involves potentially

greater risk, because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options (i.e., those not traded on an exchange) also involve counterparty solvency risk.

*Short Sales.* Despite a long bias, the Portfolio Managers may utilize short positions to hedge clients' exposure to certain industries or the market in general, and to exploit inefficiently priced securities. Any "naked" short positions (i.e., not for the purpose of hedging a related position) will be limited to those securities that trade at a significant premium to their intrinsic or fair value and have deteriorating fundamentals. A short sale of a security involves the sale of a security that is not owned by the investor, with the hope that it can be purchased later at a lower price. Short sales may, in certain circumstances, substantially increase the impact of adverse price movements on a client's portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security which could result in an inability to cover the short position, resulting in a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase when necessary, and such unavailability could exacerbate any client losses.

The Portfolio Managers seek to partly minimize specific security risk in the SI program by attempting to obtain an exhaustive knowledge of each proposed investment. This would enable the Portfolio Managers to better analyze risk, interpret the impact of company specific and macro events, and to capitalize on opportunities created during periods of volatility and irrationality. The Program will also seek to invest in businesses with strong balance sheets and/or substantial free cash flows which can provide theoretical "floors", or downside limits, to valuation. These enable businesses to weather difficult periods while preserving the flexibility to make strategic investments or to return capital to stakeholders (through dividends, share repurchases or debt repayment). In the absence of attractive investment opportunities, the Portfolio Managers intend to maintain their investment philosophy and may invest a significant portion of client assets in liquid, short-term, risk-free investments, including cash and cash equivalents.

## **Item 9. Disciplinary Information**

In this Item, registered investment advisers are required to disclose certain disciplinary information regarding the investment advisory firm itself or about any of its "management persons," which generally includes all of an investment adviser's principal executive officers and directors, as well the adviser's investment committee if it has one, or, if not, the persons who determine general investment advice to be given to clients.

In that regard, we disclose the following information:

On September 27, 2021, Cowen Prime Advisors LLC ("CPA" or the "Firm"), without admitting or denying the findings made therein, consented to the Securities and Exchange Commission's ("SEC") entry of an Order Instituting Administrative and Cease-and-Desist Proceedings (the "Order").

According to the Order, Cowen Prime Services<sup>1</sup> (“CPS”), from January 2015 through July 31, 2021, received revenue sharing payments from its unaffiliated clearing broker as a result of its selection of certain money market funds used in connection with its cash sweep program instead of available lower-cost money market funds for which it would not have received any revenue sharing. As stated in the Order, CPS did not provide full and fair disclosure of its money market fund selection practices, and related conflicts of interest, to its advisory clients. The Order also finds that, while CPS determined that a government money market fund was an appropriate cash sweep vehicle for its advisory clients, when selecting particular government money market funds, it failed to consider alternative government money market funds offered by its clearing broker. According to the Order, CPS also failed to adopt and implement policies and procedures designed to prevent violations of the federal securities laws regarding its money market fund selection practices.

The Order finds that CPA (as successor to CPS) willfully violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Without admitting or denying the SEC's findings, CPA agreed to pay disgorgement of \$579,232, prejudgment interest of \$74,647, and a civil penalty of \$115,000 all of which CPA expects to be distributed to affected clients. CPA has agreed to distribute the disgorgement funds and any applicable interest and penalties to clients who had participated in the money market cash sweep program during the relevant time period.

Please be advised that the Portfolio Managers did not receive any portion of the revenue sharing payments received by CPS from its unaffiliated clearing broker or any other direct benefit as a result of the above referenced selection of certain money market funds by them.

#### **Item 10. Other Financial Industry Activities and Affiliations**

As noted previously, our affiliated broker-dealer, CCO is also registered as a broker-dealer with the SEC, FINRA, MSRB, state regulators and it is registered with the CFTC and the National Futures Association as a commodities futures introducing broker. All our senior management personnel, as well as our Portfolio Managers who manage client accounts, are or will be registered with FINRA in their capacity as registered representatives of our affiliated broker-dealers and some, but not all, of our personnel will be registered as associated persons with the National Futures Association. In addition, the Portfolio Managers are associated with the general partner and/or investment advisor to private investment funds that are not managed by CPA. The Portfolio Managers have a conflict of interest as described in Item 5 and have an incentive to recommend that clients make investments in such private investment funds as a result of the compensation and fees associated with such private investment funds. Such fees and compensation arrangements and additional risks and conflicts should be disclosed in the offering documentation prepared by such private investment funds and their general partner(s)/investment advisor(s) independently of CPA.

CPA is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC, ATM Execution LLC, and Westminster Research Associates LLC. CPA's non-U.S. affiliates include Cowen International Limited and Cowen Execution Services Limited, both UK FCA registered broker-dealers and Cowen & Company (Asia) Limited, a Hong Kong SFA registered broker dealer. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Inc.

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<sup>1</sup> The Firm's advisory business was previously conducted through Cowen Prime Services LLC, a registered broker-dealer and investment adviser. The advisory business is now conducted through CPA.

CPA generally operates separately from its broker-dealer affiliates but will direct client business to CCO and also may direct client business to its other affiliated broker-dealers for the affiliate-owned Managed Accounts it advises. To the extent that any conflict may arise with respect to its affiliated broker-dealers, the potential conflict is addressed by Cowen Inc.'s Conflicts Committee which is headed by Cowen Inc.'s General Counsel.

CPA maintains the following financial industry affiliations (broker dealers, investment advisors registered with the U.S. Securities and Exchange Commission or rely upon the registration of an affiliated investment adviser registered with the SEC, etc.): ATM Execution LLC; Cowen and Company, LLC; Cowen Execution Services Limited; Cowen International Limited; Cowen Investment Advisors, LLC (dba Ramius Advisors, LLC); Cowen Investment Management LLC; Cowen Sustainable Advisors LLC; Healthcare Royalty Management, LLC; RCG Longview Equity Management, LLC; RCG Longview Partners II, LLC; Westminster Research Associates LLC; Cowen Financial Products LLC; Quarton International AG; CHI Advisors LLC; RCG RE Manager LLC; HCR Collateral Management, LLC; All are directly or indirectly wholly owned subsidiaries of Cowen Inc.

For a complete description of these advisors and the funds they manage, please refer to their Form ADV Part I's.

Andrew N. Wiener, CFA, is one of the Portfolio Managers in the SI Program, and is also the sole Managing Member of Samjo Capital, LLC and Samjo Management, LLC which serve as the General Partner and Management Company, respectively, of Samjo Partners, LP, an investment partnership (hedge fund) that employs investment strategies that are similar to those employed in the SI Program. Samjo Capital, LLC and Samjo Management, LLC also serve as the General Partner and Management Company, respectively, of HAFF Partners, L.P., which is a family investment partnership that also employs investment strategies that are similar to those employed in the SI Program. Samjo Capital, LLC may execute trades for Samjo Partners, LP and/or HAFF Partners, L.P. through CPA's affiliated broker-dealer, CCO, and CCO receives commissions for these trades. Neither Samjo Partners, LP, Samjo Capital, LLC, Samjo Management LLC, nor HAFF Partners, L.P. will participate or share in any commissions paid to CCO by any such entities. CPA will share in a portion of the management fee Samjo Management, LLC receives from Samjo Partners, LP and HAFF Partners, L.P. in return for certain administrative services provided to those entities by CPA. In addition, CPA and employees of CPA (other than the Portfolio Managers in the SI Program) may receive compensation for the placement of investors in Samjo Partners, LP. Mr. Wiener may have a conflict of interest as described in Items 6 and 10 above as a result of his receipt of compensation through Samjo Capital, LLC.

Mr. Wiener has been working in the securities industry since 1994. He is currently a registered representative of CCO and an Investment Adviser Representative of CPA. Previously, he spent 17 years at Burnham Securities Inc. and Burnham Asset Management, where he was a Managing Director. Mr. Wiener is actively engaged in identifying, analyzing and making investment decisions on various debt and equity securities, as well as developing and implementing portfolio management and asset allocation strategies for the SI Program. Mr. Wiener was also a co-founder and President of Artemis Capital Corp., a corporation dissolved December 31, 2012. Mr. Wiener was awarded the Chartered Financial Analyst designation in the fall of 1997.

He has been an active member of the Association for Investment Management and Research and the New York Society of Security Analysts since that time. Mr. Wiener is a graduate of the Wharton School of the University of Pennsylvania where he earned a Bachelor of Science in Economics.

David J. Drucker is one of the Portfolio Managers in the SI Program, and is also a member of Samjo Capital, LLC and Samjo Management, LLC which serve as the General Partner and Management Company, respectively, of Samjo Partners, LP, an investment partnership (hedge fund) that employs investment strategies that are similar to those employed in the SI Program. Samjo Capital, LLC and Samjo Management, LLC also serve as the General Partner and Management Company, respectively, of HAFF Partners, L.P., which is a family investment partnership that also employs investment strategies that are similar to those employed in the SI Program. Samjo Capital, LLC may execute trades for Samjo Partners, LP and/or HAFF Partners, L.P. through CPA's affiliated broker-dealer, CCO, and CCO receives commissions for these trades. Neither Samjo Partners, LP, Samjo Capital, LLC, Samjo Management LLC, nor HAFF Partners, L.P. will participate or share in any commissions paid to CCO by any such entities. CPA will share in a portion of the management fee Samjo Management, LLC receives from Samjo Partners, LP and HAFF Partners, L.P. in return for certain administrative services provided to those entities by CPA. In addition, CPA and employees of CPA (other than the Portfolio Managers in the SI Program) may receive compensation for the placement of investors in Samjo Partners, LP. Mr. Drucker may have a conflict of interest as described in Items 6 and 10 above as a result of his receipt of compensation through Samjo Capital, LLC.

Mr. Drucker has been working in the securities industry since 2008. He is currently a registered representative of CCO and an Investment Adviser Representative of CPA. Prior to this role, he spent four years as a research analyst and portfolio manager at Burnham Securities Inc. and Burnham Asset Management, where he was an Associate Managing Director. Mr. Drucker is actively engaged in identifying, analyzing and making investment decisions on various securities as well as developing and implementing portfolio management and asset allocation strategies. Prior to entering the securities industry, Mr. Drucker was a Senior Consultant at IMS Consulting. He received a Master's degree in Economics from The London School of Economics and a Bachelor's degree from Tufts University where he majored in Economics and Political Science.

See also Item 11 below, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

CPA and/or its Portfolio Managers and other associated persons involved with its investment advisory business (such Portfolio Managers and other associated persons being referred to as "advisory personnel" in this section of the Brochure) are permitted to buy or sell securities that are recommended to clients for purchase and sale, but no such transactions may be made in such a manner as will adversely affect any client. However, since our own or our advisory personnel's

investment objectives or trading strategies may differ from those of our clients, we and/or our advisory personnel may take action with respect to ourselves or themselves that is different from action taken with respect to clients. It is also possible that we may give advice and take action for some clients which differ from advice given, or the timing and nature of action taken, with respect to other client accounts.

We have adopted a “Code of Ethics” which sets forth the standards of conduct expected of our advisory personnel, and which addresses the conflicts that can arise from personal trading by them. This Code of Ethics requires that advisory personnel obtain pre-approval of any brokerage accounts they wish to open and requires pre-approval of any transactions by them which are not to be executed as part of a bunched order on behalf of clients and advisory personnel. The Code of Ethics also requires periodic reporting by advisory personnel through duplicate copies of confirmations and account statements or otherwise so that we can monitor their trading to prevent any violations of the Code of Ethics or other conflicts of interest which could result from trading by our advisory personnel. The Code of Ethics also includes provisions relating to the confidentiality of client information, a prohibition on trading on inside information, and restrictions on the outside business activities of our advisory personnel, among other things. All of our advisory personnel must acknowledge the terms of the Code of Ethics annually. A copy of the Code of Ethics will be provided to clients or prospective clients upon request.

It is our policy to treat all client accounts fairly and equitably, and we do not favor one group of client accounts over any other. In order to handle transactions for all of our clients in the fairest and most cost-effective manner possible, CPA will often submit bunched orders to its executing broker-dealers in order to obtain a better price for the particular security for a number of client accounts. In other words, rather than effecting multiple transactions, i.e., one for each client account, CPA will instruct its executing broker-dealer to buy one or more larger blocks of the security in question and allocate the securities among the appropriate designated accounts at the average price paid or received in filling the order. These bunched orders may include orders for the accounts of CPA’s advisory personnel.

In the event that an entire bunched order cannot be filled on the same day, the policy is as follows:

- (1) First, any part of the order which was placed for CPA advisory personnel will be eliminated in order to determine whether all client orders can be satisfied with the portion of the order that was filled. If any balance remains after all client orders have been filled in this manner, orders for CPA advisory personnel will then be filled on a *pro rata* or other appropriate basis.
- (2) Second, if the quantity filled is still insufficient to satisfy all of the client orders after elimination of the orders for CPA advisory personnel, our broker-dealer affiliate, CCO, will allocate the amount filled on a *pro rata* basis based upon the amount of the order that was intended to be bought or sold for each such client account (e.g., if only 60% of an order was filled, each client account would receive 60% of the amount originally intended for such account). In making such *pro rata* allocations, however, accounts that would otherwise

receive an odd lot allocation may be rounded up to a round lot unless doing so would, in the firm's view, unreasonably affect allocations to all other clients.

(3) If an order cannot be completely filled on a single trading day, it is the policy to cancel the unfilled balance of the order. Depending upon the market in that security on the following trading day(s), an order may be placed for the balance of the order on another day, with allocations to be made among the accounts in a manner that will fill, as nearly as possible under the circumstances, the original amounts intended for each of the clients' accounts. Orders for associated persons which had been eliminated in the previous allocation may be included with such later orders in the same manner as our general policy described above.

It is our policy with our affiliated broker-dealer that the firm will not affect any principal or agency cross securities transactions for client accounts, nor will it cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is a transaction in which an investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Since CCO, our affiliate under common control, serves as the broker-dealer for CPA client accounts, it has the ability to effect such agency cross transactions, but CCO has established a policy not to do so.

CPA's advisory personnel may recommend that clients purchase shares of an investment partnership or other entity (i.e., a private investment fund) for which such advisory personnel acts as, or is associated with, an investment advisor or general partner of such entity. Any client to whom such investments are recommended should receive an offering memorandum discussing fact that CPA is not involved in the management of such private investment funds and the fees or other compensation that may be paid to CCO and/or its personnel with respect to investments into and transactions by such private investment funds.

Such payments create a conflict of interest for CPA and/or the Portfolio Managers and other CPA advisory personnel. CPA periodically reviews the trading in such investment vehicles that are managed by Portfolio Managers but not CPA to assure that the trading therein does not disadvantage the trading such persons engage in with respect to CPA client accounts.

## **Item 12. Brokerage Practices**

In general, CPA will have discretionary authority to (i) determine the type and amount of securities to be bought or sold for client accounts, and (ii) negotiate the commission rates to be paid. In addition, we will have the authority to select the broker-dealer to be used to execute such transactions. As noted above, CCO will serve as a broker-dealer for the execution of transactions in CPA client accounts. In that regard, a material percentage, and possibly a majority, of all transactions for client accounts will likely be executed by CCO as the broker-dealer. With respect to such transactions, CPA has determined that the combination of CCO's execution capability, its commission rates, the general level of service available from the Clearing Firm in settling the trades, and other factors warrant the execution of a material percentage of such transactions by CCO or through one of its clearing brokers. As described under Item 11 above, CPA will generally instruct its executing broker-dealer to execute

transactions in which several clients will participate in a bunched order in which all participating clients will pay or receive the average price obtained in all of the transactions.

As described in Item 5 above, CPA has a conflict of interest with clients when CCO executes client transactions as the broker-dealer, rather than selecting another broker-dealer to execute such transactions in advisory accounts, since CCO, our affiliate, will receive the brokerage commissions or other compensation for such transactions. Our Portfolio Managers do not receive any brokerage commissions in such transactions. Please refer to item 5 for a discussion of the manner in which we deal with such conflict.

It is likely, however, that not all transactions for client accounts will be executed by CCO. In some cases, the Portfolio Managers will determine that CCO does not have the expertise to efficiently and economically execute transactions in certain types of securities. In addition, CPA may consider the availability of research or other products and services that may be available in connection with executions made through other broker-dealers. In selecting the broker-dealers to execute portfolio transactions for those occasions when CCO does not execute these transactions, we consider numerous factors, including, but not limited to, the broker-dealer's execution capabilities, the furnishing of research, their commission rates, and their overall level of service. Although we do not presently have any arrangements in which we will receive research or other services in connection with securities transactions effected for client accounts through broker-dealers other than CCO ("soft dollar arrangements"), we may enter into such arrangements in the future. The research obtained may be created or developed by the executing broker-dealer, or it may be created or developed by a third party and provided to us by the executing broker-dealer. In the event that we enter into any such soft dollar arrangements, the research or other products or services obtained in such arrangements may be used for the benefit of all of our clients, not just those whose securities transactions paid for the products or services. While any broker-dealers we may use to execute transactions may charge commissions that may be higher than those obtainable from other broker-dealers for any particular transaction, including CCO or the Clearing Firm, we will only cause clients to pay brokerage commissions that we have determined in good faith to be reasonable in relation to the value of the research and brokerage services provided by such broker-dealers.

If we use broker-dealers other than CCO to execute client transactions and receive research from or through such broker-dealers, CPA receives a benefit because we will not have to produce or pay for such research ourselves. We may also have an incentive to select a broker-dealer to execute such transactions based on our receipt of those soft dollar benefits rather than on the basis of our clients' interest in receiving the most favorable execution. Such incentives represent a conflict of interest. Our Code of Ethics prohibits us from acting otherwise than in the best interests of our clients.

### **Item 13. Review of Accounts**

Our Portfolio Managers will review and monitor client accounts assigned to them on an ongoing basis subject to the continuing review and oversight of our supervisory personnel. Such Portfolio Managers will be responsible for the overall management of client accounts, including



tracking and continually reviewing the performance of client investments and client portfolio allocations. Account reviews may also occur as a result of (a) client requests, (b) changes in a client's personal or financial condition (when we are advised of such changes), (c) changes in tax laws or in economic factors that could affect a client's financial position, or (d) the occurrence of economic or political events that may impact clients. Our supervisory personnel will also review client accounts on a periodic basis in order to monitor relative performance and adherence to investment criteria.

In addition to such reviews, our Portfolio Managers will review trade executions on a continual basis, and our operations personnel will review trade reports on a next-day basis, to ensure that each transaction was properly executed and correctly reported.

Clients will receive confirmations of all transactions executed for their account, and monthly account statements sent by the Clearing Firm, which acts as the independent custodian for our clients' accounts. Monthly, quarterly, and year-to-date performance information will be available to clients through our clearing broker or upon request. See also Item 15 below regarding custody of client accounts.

#### **Item 14. Client Referrals and Other Compensation**

##### **Referrals:**

We do not presently have any arrangements under which we receive any benefit from a third party for providing investment advice to our clients, nor do we compensate any third party for referring any investment advisory client to us.

##### **Other Compensation:**

###### **Business Development Credits**

Our affiliated broker-dealer, CCO, receives credits from Pershing each time it surpasses certain thresholds for total assets, which include client assets, maintained with Pershing as the clearing firm. CCO has received these substantial Business Development Credit payments and stands to receive additional payments for any additional asset thresholds added to the custody platform at CPA. This creates a conflict of interest in that it incentivizes CPA to maintain CCO as its affiliated broker-dealer to execute transactions in CPA client accounts and continue to direct assets, including client assets, to Pershing as its custodian.

###### **Credit Interest and Money Market Account Revenue**

When clients open accounts with CPA, their Portfolio Manager typically recommends a "sweep option" to hold funds awaiting investment. The sweep options made available to CPA client accounts through CCO include cash and several money market funds. Some of the money market fund options pay a distribution or 12b-1 fee, and pursuant to its clearing agreement with Pershing, CCO receives a

portion of that fee based on average net assets of CPA clients beneficially owning shares of such funds. Pershing also offers money market fund options that do not pay a distribution of 12b-1 fees. CPA has an incentive to recommend a 12b-1 fee paying money market fund because such shares provide increased compensation to CCO, although this revenue is not shared with the Portfolio Manager. A conflict of interest exists when CPA recommends a fund paying a 12b-1 fee when an equivalent lower cost fund is available. Additionally, when a client does not select a money market fund or selects cash as the sweep option for their account, CCO is eligible to receive credit interest from Pershing. This creates a conflict in that it incentivizes CPA to recommend cash as the sweep option in order to increase the compensation paid to CCO.

### **Margin Interest and Non-Purpose Loans**

Margin and non-purpose loans are made available to qualified CPA clients in certain circumstances through CCO and Pershing. Pershing establishes a base cost charged to CCO, which is the “cost to carry” the loans. CCO has discretion to charge more than this base interest rate or “mark up” the interest rate that is charged to the client. Pershing pays CCO a substantial portion of the interest above the base rate charged on clients’ margin and non-purpose loans. This creates a conflict in that it incentivizes CPA to recommend the use of margin and non-purpose loans to clients in order to increase revenue to CCO and the use of margin and non-purpose loans increases asset-based fees. Although almost all rates are negotiated directly with clients, the fact that CCO marks up margin and non-purpose loan interest rates incentivizes it to set a higher rate in order to increase compensation to CCO for CPA client accounts.

### **Item 15. Custody**

As noted in Item 13 above, clients will receive statements from Pershing, the independent custodian which holds and maintains our clients’ accounts and assets. Clients should carefully review such statements and compare them to any other information you may receive from us.

CCO has limited custody of our clients’ funds and/or securities when clients authorize us to deduct our management fees directly from their accounts. CPA is also deemed to have custody of a client’s funds and/or securities when a client has on file a standing letter of authorization (“SLOA”) with the account custodian to move money from the client’s account to a third party and under the SLOA authorizes us to designate, based on the client’s instructions from time to time, the amount or timing of the transfers. The SEC has set forth a set of procedural safeguards intended to alleviate a firm being held to the full requirements of the SEC’s Custody Rule under these circumstances, which we follow.

Our affiliated broker-dealer, CCO, has an arrangement with Pershing to provide clearance and custody of accounts. Pershing: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Pershing forwards client account statements as well as confirmation of each purchase and sale to you. Pershing acts as the general administrator of each account, which includes charging and collecting account fees on

CCO's behalf and processing, pursuant to CCO's instructions, deposits to and withdrawals from the account.

You should receive at least quarterly statements from Pershing, the qualified custodian that holds your advisory account assets. CPA urges you to compare the holdings listed on the custodian's statement to those listed on reports CPA or your Portfolio Manager may provide. If you have a question about a discrepancy, you should direct it to your Portfolio Manager. If the Portfolio Manager is unable to adequately address your concern, you should contact CPA at the phone number on the cover page of this Brochure.

#### **Item 16. Investment Discretion**

At the outset of an advisory relationship with a client, we will normally receive discretionary authority from the client to determine the identity and amount of securities to be bought and sold. The investment discretion granted to us by the client is included in the Investment Management Agreement or other power of attorney we will execute with the client at the start of our relationship.

#### **Item 17. Voting Client Securities**

We will not vote, or give advice about how to vote, proxies for securities held in client accounts. If the account is for a pension or other employee benefit plan governed by ERISA, Client directs CPA not to vote proxies for securities held in the Account because the right to vote such proxies has been expressly reserved to either 1) The Plan's Trustees, or 2) The Named Fiduciary. Accordingly, the client will retain the sole right to vote such proxies and we will instruct our clearing firm or other custodian to forward proxy solicitation materials directly to the client.

#### **Item 18. Financial Information**

In this Item 18, registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

#### **Item 19. Other Legal Actions**

The Client agrees that CPA will not advise or act for its clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities.