



Cutler Capital Management, LLC

Form ADV Part 2A

Investment Adviser Brochure

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March 31, 2023

This disclosure brochure provides clients with information about the qualifications and business practices of Cutler Capital Management, LLC ("Cutler"), an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Cutler provides as well as background information on those individuals who provide investment advisory services on behalf of Cutler. Please contact the firm at 508-757-4455 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Cutler or any individual providing investment advisory services on behalf of Cutler possess a certain level of skill or training. Additional information about Cutler is available on the internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cutler is 107463.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Cutler has not made any material changes to its firm brochure (Form ADV Part 2A) since its last annual amendment dated March 30, 2022.

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Item 4 Advisory Business

The Company

Cutler is a privately-held Massachusetts limited liability company that has been registered with the SEC since 2000 and has provided investment advisory services since 2003. The principal owners of Cutler are Melvin S. Cutler and Geoffrey Dancey.

Advisory Services

Cutler provides discretionary investment management services to both separately managed accounts ("Separately Managed Accounts") and to private investment funds organized as pooled investment vehicles (the "Private Investment Funds").

Types of Investments

Cutler specializes in convertible securities, financials sector investments including community banks, and real estate investment trusts ("REITs"). Cutler may also invest in exchange-traded funds ("ETFs") and mutual funds on behalf of separate account clients.

Convertible securities, which are commonly known as "convertibles," are securities that can be converted into another security, typically common stock. Convertibles are hybrid securities; in other words, they combine the characteristics of two different types of investment instruments. Convertibles are found in two basic forms: convertible bonds and convertible preferred stock. These convertible bonds and convertible preferred stock can be exchanged for (or, converted to) a specified number of the issuing company's common stock shares at the option of the convertible holder.

Cutler invests in convertibles issued as bonds or preferred securities that can be converted to common stock. Both types of convertibles provide a stream of income, like bonds, but also have the potential for growth, like stocks, based on the performance of their underlying common stock.

Cutler's investments in the financial sector are primarily focused on community banks. Community banks often offer a relatively high dividend yield as compared to other common stocks. They also offer the potential for capital appreciation as a result of rising book value, rising earnings, rising dividends, rising valuation multiples and the potential for mergers and acquisitions. We believe that they possess an attractive risk / reward profile that benefits from the often under-researched nature of the market.

Separately Managed Accounts

Separately Managed Accounts will be designed, based on a client's financial goals, tolerance for risk and investing timeline. The portfolios of Separately Managed Accounts are primarily invested in the types of investments described above. Cutler uses the following approach to build and manage portfolios for Separately Managed Accounts:

- Build positions with convertibles offering reliable current income, growth potential, and attractive downside risk characteristics;
- Allocate the portfolio to convertible securities, dividend-paying stocks (including community bank stocks), and publicly-traded REITs; and
- Diversify holdings across industry sectors and market capitalizations.

Note that the above serve as only guidelines and each portfolio is managed to client goals, needs, and risk tolerance.

Cutler may employ a convertible exchange-traded fund ("ETF") strategy for Separately Managed Accounts. Leveraging our broad experience in convertible securities, Cutler constructs portfolios with a convertible ETF, as well as equity and fixed income ETFs. By incorporating the convertible ETF, Cutler seeks to improve the portfolio's risk / reward profile in comparison to conventional equity and bond-only ETF strategies.

Private Investment Funds

At present, Cutler acts as general partner and investment manager of the following Private Investment Funds: Cutler Investment Fund, L.P. and Cutler Financial Fund, L.P.

The Private Investment Funds invest in accordance with the offering documents of the individual fund. The terms and conditions for participation in any such private fund, including management and performance fees, conflicts of interest, and risk factors, are set forth in each Private Investment Fund's offering documents, which each prospective investor shall receive, and be required to complete and submit certain portions to Cutler in order to demonstrate qualification for investment in a Private Investment Fund.

See the "Investment Strategies" section below for additional information regarding the investment objectives, types of investments and risk exposures of each Private Investment Fund managed by Cutler.

Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will typically deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Client Tailored Services and Client Imposed Restrictions

Separately Managed Accounts

Cutler's investment advisory services are tailored to meet the specific needs of each client. To provide appropriately individualized services, Cutler will work with each client to obtain information regarding the client's investment objectives, risk profile, and other relevant information regarding the client's financial and investment needs.

Cutler may periodically review with clients their financial circumstances, investment objectives, and risk profile. In order for Cutler to provide effective advisory services, it is critical that clients provide accurate and complete information to Cutler and inform Cutler any time such information needs to be updated or any time there is a change in their financial circumstances, investment objectives, or risk profile.

Clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing ETFs, mutual funds or with respect to certain third-party products or services made available through Cutler. In addition, a restriction request may not be honored if it is fundamentally inconsistent with Cutler's investment philosophy, runs counter to the client's stated investment objectives, or would prevent Cutler from properly servicing such client's account.

Private Investment Funds

Due to the pooled nature of the Private Investment Funds managed by Cutler, investors may not impose restrictions on investments in certain securities or types of securities.

Wrap Fee Programs

Cutler does not provide portfolio management services under a wrap fee program. Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (e.g., execution of trades) are provided for one fee. This is different than investment management programs where services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

Assets Under Management

As of December 31, 2022, the total amount of assets managed by Cutler is \$305,457,112. All assets are managed on a discretionary basis.

Item 5 Fees and Compensation

Advisory Fees Separately Managed Accounts

Qualified Clients

For Separately Managed Accounts held by clients that are "Qualified Clients" (as defined in Rule 205-3 of the Investment Advisers Act of 1940), the client may be given the option to select either a fixed management fee or a performance-based fee, as follows:

FIXED MANAGEMENT FEE OPTION

Clients that select a fixed management fee are charged an annual 1.00% management fee, billed quarterly in arrears, equal to 0.25% of the end-of-quarter net asset value of the client's account.

PERFORMANCE-BASED FEE OPTION

Clients that select a performance-based fee pay the greater of (a) or (b) below:

- a. An annual management fee equal to the greater of \$3,000 or a 0.50% management fee, billed quarterly in arrears, equal to 0.125% of the end-of-quarter net asset value of the client's account.
- b. An annual performance fee equal to 11% of the increase in the account's net market value (before the payment of any management fees) calculated at calendar year end or, in the event the investment management agreement is terminated by either party during a calendar year, as of the date of termination. The increase in net market value includes realized and unrealized gains/losses, and interest and dividend income.

Under the performance-based fee option, if the performance fee exceeds the annualized management fee, the performance fee will be owed, minus the management fees already paid during that calendar year.

Financial Planning Services

We charge a fixed fee for financial planning services, which generally ranges between \$2,500 and \$6,000. The first half of the fee is due in advance of services rendered with the remaining balance payable upon completion of the contracted services. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. We do not require you to pay fees six or more months in advance. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning agreement upon written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

Non-Qualified Clients

For Separately Managed Accounts held by clients that are not Qualified Clients, clients are charged an annual 1.00% management fee, billed quarterly in arrears, equal to 0.25% of the end-of-quarter net asset value of the client's account.

Minimums: Partial Term

All accounts are subject to an annual minimum management fee of \$3,000, billed quarterly in arrears.

If the first and/or the last fee period that a Separately Managed Account agreement is in effect is less than a full period (e.g. three calendar months in the case of a quarterly fee), the fixed or asset-based fee for such period will be calculated as of the last day of such period on which the agreement was in effect and prorated by the number of days during the period that the agreement was in effect. Performance-based fees are charged in full as applicable and are not prorated.

In the case of any fee based upon the value of a Separately Managed Account, in any period during which there was an interim deposit and/or withdrawal (other than withdrawal to pay management fee) by the client to or from the account, the fee schedule shall be applied to the average of the account values determined as of the close of business on the last business day of each month ending during such period.

Private Investment Funds

Private Investment Funds are charged an annual fee as follows:

Cutler Investment Fund, L.P.

Investors in the Cutler Investment Fund, L.P. are charged a management fee and a performance fee:

MANAGEMENT FEE

Investors in Cutler Investment Fund, L.P. are charged a 0.5% management fee, billed quarterly in arrears, equal to 0.125% of the end-of-quarter net asset value of each investor's capital account.

PERFORMANCE FEE

As annual performance fee equal to 11% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs) less quarterly management fees paid during the year. The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Cutler Financial Fund, L.P.

Class A Limited Partners, are charged a 0.95% management fee, billed quarterly in advance, equal to 0.2375% of the beginning-of-quarter net asset value of each investor's capital account.

Class B Limited Partners, are charged a 1.0% management fee, billed quarterly in advance, equal to 0.25% of the beginning-of-quarter net asset value of each investor's capital account. Class B Investors are also charged a performance fee equal to 10% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs). The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Class C Limited Partners, are charged a 1.5% management fee, billed quarterly in advance, equal to 0.375% of the beginning-of-quarter net asset value of each investor's capital account. Class C Investors are also charged a performance fee equal to 15% of the increase in the net market value of the investor's capital account at the end of the calendar year (with adjustments for deposits, withdrawals and trading costs). The increase in net asset value used to calculate the allocation includes realized and unrealized gains or losses, and interest and dividend income.

Payment Method

Private Investment Funds

Management fees and performance allocations, if any, are allocated to Cutler directly from the assets of the applicable private investment fund.

Separately Managed Accounts

Fees may be paid from the client's account or may be paid directly by the client.

Additional Fees and Expenses

Trading Costs

Clients pay commissions and trading costs directly from the assets (cash account) within the client account. Trading costs are passed along at net cost as there is no mark-up by Cutler. Trading costs are deducted before the management fee or the performance fee. See "Brokerage Practices" in the section below for additional information on brokerage and other transaction costs.

Professional Fees

Fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Accordingly, the fees of any additional professionals engaged by a client, will be billed directly by such professional(s).

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and/or ETFs. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and

other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, ETFs, our firm, and others. For information on our brokerage practices, refer to the "Brokerage Practices" section of this brochure.

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When Cutler purchases, or recommends the purchase of, mutual funds for a client, we review all available share classes and select the share class deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value.

Termination and Refunds

The investment management agreement entered into with Separately Managed Account clients may be terminated by either party by providing a minimum of 30 days' written notice to the other party, unless otherwise stated in such agreement. Withdrawals by investors in Private Investment Funds managed by Cutler are governed by the terms of the offering documents of the individual Private Investment Fund.

Important Additional Fee Information

Fees Negotiable

Cutler retains the right to modify or waive fees, including minimum account size, in its sole and absolute discretion, on a client-by-client basis. Factors considered include, but are not limited to, the complexity and nature of the advisory services provided, whether the client was referred by another investment manager, anticipated amount of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition. The specific fee schedule is identified in the investment management agreement entered into with the client.

Item 6 Performance-Based Fees and Side-by-Side Management

As disclosed in "Fees and Compensation" above, under certain circumstances Cutler manages client accounts where it is eligible to receive a performance-based fee (e.g., for its management of the Separately Managed Accounts and of certain classes within the Private Investment Funds). In addition, Cutler manages client accounts where it is not eligible to receive performance-based compensation for its advisory services.

Conflicts of Interest

Situations (such as those described above) where Cutler manages both accounts that pay performance-based compensation and accounts that do not pay performance based compensation give rise to certain conflicts of interest that have the potential to motivate Cutler to favor its performance-based account clients over other clients. For example, performance-based fees may be higher than the asset-based fees paid on fixed fee accounts. In the case of the Private Investment Funds, Cutler and its related persons, have significant investments in the funds. Cutler's allocation policy provides that it will aggregate Separately Managed Account and Private Investment Fund orders to ensure that both types of accounts receive the same execution price. Notwithstanding the foregoing, opportunistic trades and investments in certain illiquid securities will be offered first to the portfolio

manager of the private funds. Any remaining quantities will be available for investment by qualified related accounts. Due to the time-sensitive nature and illiquidity of these transactions, unaffiliated clients may only invest in these opportunities through their investments in the funds.

Because performance-based compensation is not paid unless Cutler achieves a certain level of performance, an incentive is created for Cutler to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Item 7 Types of Clients

Cutler provides investment advisory services to private investment funds organized as pooled investment vehicles (commonly known as "hedge funds"), individuals (including high-net-worth individuals), profit sharing plans, trusts, estates, charitable organizations, foundations/endowments, corporations and other types of business entities.

Conditions for Managing Accounts

Separately Managed Accounts

Cutler has a standardized minimum portfolio size for all clients of \$1,000,000; provided, however, that Cutler will not manage a client's account unless the value of the account assets is sufficiently large enough to enable Cutler to meet the client's investment objectives. Accounts of less than \$1,000,000 may be set up when the client and Cutler anticipate the client will add additional funds to the accounts bringing the total to \$1,000,000 within a reasonable time or to accommodate retirement assets, related accounts or other circumstances.

We charge a minimum investment management fee in the amount of \$3,000 annually to open and maintain an advisory account. At our discretion we may waive such minimum fee.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Private Investment Funds

The minimum initial investment in the Private Investment Funds are specified in the applicable fund's offering documents. The minimum initial investments in the Private Investment Funds may be waived in the sole discretion of Cutler.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Methods of Analysis

The security analysis methods employed by Cutler are fundamental and technical analysis.

Fundamental Analysis

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a security. Fundamental analysts study the overall economy and industry conditions, the financial condition of a company, details regarding the company's product line, and the experience and expertise of the company's management. The resulting data is used to measure the true value of the company's security compared to the current market value.

Technical Analysis

Technical analysis involves the examination of past market data rather than specific company data in determining which securities to buy/sell. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of a company. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, among many others. These trends, both short and long-term, are used for determining specific trade entry and exit points and broad economic analysis.

Investment Strategies and Objectives

Cutler may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing.

Private Investment Funds

For the Private Investment Funds managed by Cutler, the investment strategy and objective varies for each fund:

Cutler Investment Fund, L.P.

The investment objective of the Cutler Investment Fund, L.P. ("CIF") is to provide attractive total returns in all market conditions through capital appreciation and current income. CIF expects to invest in a diversified portfolio of securities convertible into common stock and issued by both domestic and foreign companies. As part of its investment strategy, CIF may have concentrated exposure to REITs and/or financial sector securities. CIF may invest in other types of securities, including debt securities, common stocks (including dividend-paying stocks), and warrants, and may use a variety of investment techniques to generate profit and/or control risk, including convertible arbitrage, short selling, options and leverage. Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CIF's investment strategy are more fully described in the fund's offering documents.

Cutler Financial Fund, L.P.

The investment objective of the Cutler Financial Fund, L.P. ("CFF") is to provide current income and capital appreciation. CFF expects to invest primarily in a portfolio of financial securities issued by both U.S. and foreign companies. These will include common stocks (including dividend-paying stocks), debt securities, and convertible securities that are typically either debt securities or preferred stocks that can be exchanged for common stock. As part of its investment strategy, CFF will have concentrated exposure to the financial sector. Short selling and other hedging techniques may be used. CFF may use leverage as part of its investment strategy to generate profit and/or control risk,

including convertible arbitrage and short selling. Cutler does not anticipate considering tax implications in connection with managing the portfolio. Details of CFF's investment strategy are more fully described in the fund's offering documents.

Fund or Manager Due Diligence

We may rely on mutual funds or ETFs to invest certain portions of a separate account client's portfolio within certain asset classes or investment sectors. We analyze these funds and their managers in much the same way as we would an individual security by looking at past performance in terms of return and risk, as well as investment philosophy, cost structure, and strategic focus. The analysis is fundamental in nature, both qualitative and quantitative. As discussed earlier, these products may incur additional fees and/or transaction costs. Please see the prior discussion on this topic within "Fees and Compensation". A client can be exposed to certain types of risks using a mutual fund or ETF within a portfolio, including but not limited to strategy drift, liquidity of individual fund holdings, liquidity of the fund itself, unexpected manager changes, and overall market risk.

Other Types of Investments

Cutler offers advice on private equity investments, including venture capital partnerships as well as other types of alternative investments.

Investing Involves Risk

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares, or the portfolio's yield to fluctuate:

- *Market Risk.* The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, because of economic changes or other events that affect large portions of the market.
- *Management Risk.* A client's portfolio is subject to management risk because it is actively managed by Cutler's investment professionals. Cutler will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and Cutler's judgment will produce the intended results.
- *Quantitative Tools Risk.* Some of Cutler's investment techniques may incorporate, or rely upon, quantitative models. There is no guarantee that these models will generate accurate forecasts, reduce risks or otherwise produce the intended results.
- *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- *Credit Risk.* An issuer or guarantor of a fixed income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- *Allocation Risk.* The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.

- *Foreign (Non-U.S.) Risk.* A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory, or other factors.
- *Emerging Markets Risk.* Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- *Currency Risk.* Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Derivatives Risk.* Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.
- *Capitalization Risk.* Investments in small, mid-capitalization and micro-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets, or financial resources.
- *Liquidity Risk.* Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing Cutler from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk. Small and micro-capitalization stocks also often have a greater liquidity risk.
- *Issuer Specific Risk.* The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Concentrated Portfolios Risk.* Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic prices swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.
- *Convertible Arbitrage Risk.* Convertible arbitrage involves purchasing a portfolio of convertible securities, generally convertible bonds, and hedging a portion of the equity risk by selling short the underlying common stock. Employing arbitrage and alternative strategies involves the risk that anticipated opportunities may not play out as planned, resulting in potentially reduced returns or losses. Convertible arbitrage is further subject to special risks, including the risk of default in interest or principal payments, which could result in a loss of income, or a decline in the market value of the securities.
- *Short Selling Risk.* A short sale involves borrowing stocks from your brokerage firm and selling them immediately, hoping to buy them later at a lower price. A short seller hopes that the price of a stock will go down in the near future, thus uses declines in the market to his advantage. A short seller will profit if the stock goes down in price, but the potential losses are unlimited.

- There is no ceiling on how much a short seller can lose in a trade.
- *Legal or Legislative Risk.* Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.
 - *Technology Risk.* A portfolio's investments in businesses, particularly small businesses may be disrupted through cybersecurity threats or actions. Additionally, technological shifts may occur rapidly which may disrupt an established industry. Businesses may not be able to adequately protect, respond to, or adapt to changing cybersecurity threats and technological changes.

Risks Associated with Investment Strategies and Methods of Analysis

The analysis of securities requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment.

Cutler's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Cutler is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

Fundamental Analysis

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

- Information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly due to new information, utilizing fundamental analysis may not result in favorable performance.
- The data used may be out of date.
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- The market may fail to reach expectations of perceived value.

Technical Analysis

The primary risk in using technical analysis is that spotting historical trends may not help predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Cutler will be able to accurately predict such a reoccurrence.

Risks Associated with Specific Securities Utilized

Preferred Stocks

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

Convertible Securities

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value."

The investment value of a convertible security is influenced by changes in interest rates, the credit standing of the issuer, and other factors. The conversion value of a convertible security is determined by the market price of the underlying common stock. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. A convertible security will generally be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client account managed by Cutler is called for redemption, the account will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on an account's ability to achieve its investment objective.

Over-the-Counter ("OTC") Securities

An investment in an OTC security is speculative and involves a high degree of risk. Many OTC securities are relatively illiquid, or "thinly traded," which tends to increase price volatility. Illiquid securities are often difficult for investors to buy or sell without dramatically affecting the quoted price. In some cases, the liquidation of a position in an OTC security may not be possible within a reasonable period of time. Reliable information regarding issuers of OTC securities, their prospects, or the risks associated with the business of any particular issuer or an investment in the issuer's securities may not be available. As a result, it may be difficult to properly value an investment in an OTC security.

Investments in Financial Securities, Including Community and Regional Banks

Certain investment strategies may have concentrated exposure to the financial sector. These risks include, but are not limited to, the following:

Risks associated with banks' loan portfolios, including difficulties in achieving loan growth, greater loan losses than historic levels, an insufficient allowance for loan losses, expenses associated with managing nonperforming assets, the ability to maintain and service relationships with automobile dealers and indirect automobile loan purchasers, and the ability to profitably manage changes in indirect automobile lending operations;

Risks associated with global, general, and local economic and business conditions, including economic recession or depression, the pace, consistency, and extent of recovery of values and activity in the residential housing and commercial real estate markets of various local markets, the expectations of and actual timing and amount of interest rate movements, including the slope and shape of the yield curve, which can have a significant impact on financial institutions; Risks associated with market and monetary fluctuations, including fluctuations in mortgage markets; Risks associated with inflation or deflation;

Risks associated with government regulation and programs, uncertainty with respect to future governmental economic and regulatory measures, new regulatory requirements imposed by the Consumer Financial Protection Bureau ("CFPB"), new regulatory requirements for residential mortgage loan services, and numerous legislative proposals to further regulate the financial services industry, the impact of and adverse changes in the governmental regulatory requirements, and changes in political, legislative and economic conditions;

Risks associated with the ability to maintain adequate liquidity and sources of liquidity; Risks associated with the ability to maintain sufficient capital and to raise additional capital; Risks associated with the accuracy and completeness of information from customers and counterparties; Risks associated with the effectiveness of controls and procedures; Risks associated with the ability to attract and retain skilled people; Risks associated with greater competitive pressures among financial institutions in market areas; Risks associated with failure to achieve the revenue increases expected to result from investments in growth strategies, including branch additions and in transaction deposit,

trust and lending businesses; Risks related to acquisitions; Risks associated with compliance with certain requirements under loss share agreements with the Federal Deposit Insurance Corporation ("FDIC"); Risks associated with technological changes and the possibility of cyber fraud; Risks associated with adverse weather events in certain geographic markets; Risks associated with the reliance on financial models and the accuracy of such financial models; and Risks associated with the reliance on third party vendors.

ETFs

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Warrants and Rights

Warrants are securities, typically issued with preferred stocks or bonds; which give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of a warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants conventionally have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

Margin Transactions

When buying stocks on margin, an investor is employing leverage as an investing strategy. Leverage allows the investor to extend their financial reach by investing using borrowed funds while limiting the amount of cash expended. However, this can involve a high degree of risk. Some of these risks include:

- Losing more money than invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of the securities held when falling stock prices reduce the value of your securities; and
- Having the brokerage firm sell some or all of the securities without consulting the investor to pay off the loan made.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying

portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Private Investment Funds

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the fund's offering documents, which will be provided to each prospective investor for review and consideration. Each investor will be required to complete a subscription agreement, pursuant to which the investor shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Real Estate Related Securities

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation, possible lack of availability of mortgage funds, overbuilding, extending vacancies of properties, increases in competition, property taxes and operating expenses, changes in zoning laws, costs resulting from cleanup of, and liability to third-parties for damages resulting from, environmental problems, casualty and condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rents and changes in interest rates. Investing in REITs involves certain unique risks in addition to those risks associated with investing in real estate in general. REITs are dependent upon the skills of management, are not diversified and are subject to cash flow dependency, default by borrowers and self-liquidation.

Alternative Investments

The performance of alternative investments (e.g., commodities, futures, hedge funds, funds of hedge funds, private equity, or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment.

Cash Management

Cutler will manage the investment of client cash pursuant to the following guidelines:

- Cutler will monitor the liquidity requirements of each client and the account guidelines; and
- Cutler will not cause excessive cash balances to be maintained for any client, unless such cash positions are part of a defensive strategy, recent deposits, the result of unique client cash requirements, at account inception prior to the account being fully invested, or determined by a portfolio manager that it is prudent to maintain a high cash reserve in light of the investment environment.

When a client portfolio has cash, a suitable money market fund or a similar investment vehicle is selected from a list of options offered by Cutler's custodian. Suitability is based on clients' tax status and risk tolerance.

Item 9 Disciplinary Information

Neither Cutler nor any of its supervised persons have any reportable disciplinary history.

Item 10 Other Financial Industry Activities and Affiliations

Broker-Dealer Registration and Registered Representatives

Cutler is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

Futures and Commodity Registration

Cutler is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

Financial Industry Affiliations

Cutler is the general partner of the Cutler Investment Fund, L.P., a private investment fund organized as a pooled investment vehicle. Cutler is also the general partner of the Cutler Financial Fund, L.P., a private investment fund organized as a pooled investment vehicle.

Individual clients of Cutler may be solicited to invest in either or both private funds. Potential investors should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the applicable fund. Persons affiliated with our firm have made an investment in both funds and may have an incentive to recommend the funds over other investments.

An entity controlled by Melvin S. Cutler is the general partner of a family limited partnership. Investment in this partnership is limited to family members only.

Melvin S. Cutler has interest in other businesses and real estate partnerships.

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

Code of Ethics

Cutler has adopted a Code of Ethics in accordance with federal securities laws, rules, and regulations. The Code of Ethics is predicated on the principle that Cutler owes a fiduciary duty to its clients. Accordingly, Cutler expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All officers, directors, partners and employees of Cutler and any other person who provides advice on behalf of Cutler and is subject to Cutler's control and supervision are required to adhere to the Code of Ethics. At all times, Cutler and its employees must, (i) place client interests ahead of Cutler's; (ii) engage in personal investing that is in full compliance with the Code of Ethics; and (iii) avoid taking advantage of their position. Cutler has also adopted policies and procedures to prevent the misuse of "insider" information. Clients and prospective clients may request a copy of Cutler's Code of Ethics by contacting the firm at 508-757-4455.

Participation or Interest in Client Transactions

Cutler may purchase or sell for a client, portfolio securities or investment products in which Cutler or its related personnel have a material financial interest.

As the general partner of the Private Investment Funds, Cutler maintains a capital account in each of the Private Investment Funds and therefore, receives allocations of net profits (or losses). Cutler employees and members of their families have also invested in one or more of the Private Investment Funds. In order to create a strong congruity of interest between the management of the Private Investment Funds and its investors, all investment professionals employed by Cutler are encouraged to invest in the Private Investment Funds.

Cutler may recommend to clients that they purchase securities from or sell securities to account(s) that are majority-owned and controlled by Cutler, its affiliates and/or principals (principal transactions). Due to the conflict of interest that exists when Cutler trades between a related or proprietary account and a client account for which Cutler is a fiduciary, Cutler will disclose to the client the capacity in which Cutler is acting (e.g. principal) and request and obtain the client's consent prior to engaging in a principal transaction.

Cutler purchases or sells securities in client accounts managed by Cutler when the same securities are held by Cutler or its related personnel.

Cutler and/or its related persons invest in some of the same securities that it recommends to clients for investment. Investments by Cutler and/or its related persons will be made in compliance with the firm's Code of Ethics. In addition, Cutler maintains a Portfolio Management policy which includes procedures related to investments in limited opportunities by Cutler's clients and its related persons. Cutler's Trading and Brokerage Practices policy prohibits Cutler employees from trading ahead of clients in similar securities. All investment recommendations made by Cutler to clients are made in the best interest of the clients subject to Cutler's responsibilities as a fiduciary.

Internal Cross Transactions

An internal cross trade occurs when Cutler effects a transaction between two advisory clients. It may be the case that we effect a transaction between two or more of our managed accounts. This would occur where one client desires or needs to purchase certain securities which another client desires or needs to sell. In such transactions a potential conflict of interest exists in that one client may be disadvantaged by the transaction. For example, we could cause a transaction in a security to occur at a price above the market price for such security that would then be available on the open market, which would benefit the selling account and harm the buying account. As a fiduciary, we effect cross transactions only to the extent such transactions are consistent with our duty to obtain best execution, and seek to ensure that no client is disfavored by the cross trade. We will maintain a written record of each cross transaction annotated to disclose the terms of the transaction. In doing so, we do not receive additional compensation other than our advisory fees.

Item 12 Brokerage Practices

Research and Other Soft Dollar Benefits

Cutler does not receive formal soft dollar benefits other than execution from broker-dealers in connection with client securities transactions. See disclosure below in "Brokerage - Other Economic Benefits".

Brokerage for Client Referrals

Cutler does not receive client referrals from broker-dealers.

Directed Brokerage

Cutler generally recommends that clients utilize the brokerage and clearing services of RBC Capital Markets, LLC (RBC) or Fidelity Investments (Fidelity) for Separately Management Accounts.

Factors which Cutler considers in recommending RBC, Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by RBC, Fidelity may be higher or lower than those charged by other financial institutions.

The commissions paid by Cutler's clients comply with our duty to obtain "best execution." In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Cutler seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Cutler periodically and systematically reviews its policies and procedures regarding its recommendation of financial institutions in light of its duty to obtain best execution.

The client may direct Cutler in writing to use a particular financial institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that financial institution and Cutler will not seek better execution services or prices from other financial institutions or be able to aggregate client transactions for execution through other financial institutions with orders for other accounts managed by Cutler (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Cutler may decline a client's request to direct brokerage if, in its sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Brokerage - Other Economic Benefits

Cutler may receive from RBC, or Fidelity, without cost to Cutler, certain support and services, which allow Cutler to better monitor client accounts maintained at those financial institutions. Cutler may receive the support and services without cost because Cutler renders investment management services to clients that maintain assets at RBC or Fidelity. The support and services is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The support and services may benefit Cutler, but not its clients directly. In fulfilling its duties to its clients, Cutler endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Cutler's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Cutler's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

These economic benefits may include but are not limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Clients should be aware, however, that the receipt of economic benefits by Cutler or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Cutler's recommendation of RBC or Fidelity for custody and brokerage services.

Brokerage Recommendations

Securities transactions for accounts managed by Cutler are executed by brokers considered to be well established and financially sound. Cutler maintains an ongoing brokerage business relationship with RBC or Fidelity as well as other national and regional brokerage firms. Cutler will generally recommend that clients use RBC or Fidelity and its affiliates for brokerage services, although clients are permitted to direct their brokerage to firms other than RBC or Fidelity, as noted above.

Trade Aggregation/Allocation

Cutler may aggregate multiple clients' purchase or sale orders for the same security in order to execute transactions in the most efficient manner. Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased or sold security are then allocated on a fair and equitable basis to the appropriate accounts. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity. Purchases by Cutler employees may also be aggregated with clients' purchase orders for the same security. Cutler will not favor performance accounts over asset-based fee accounts or favor one class of client over another. Cutler will consider the investment goals and requirements of its clients involved in making such allocations. See Item 6 - Conflicts of Interest - for additional information on trade allocation.

Item 13 Review of Accounts

While the underlying securities within client accounts are continuously monitored, accounts are reviewed no less frequently than annually.

Geoffrey Dancey and Melvin S. Cutler are the primary reviewers of client accounts.

Cutler provides each Separately Managed Account client and investor in a Private Investment Fund managed by Cutler, a quarterly letter indicating the performance of their account (or combined accounts) on a year-to-date basis (after management fees). In addition, the quarterly communication includes brief remarks regarding the investing environment and administrative information, including quarterly fees.

Upon request, clients are able to receive more detailed portfolio reports. Custodians provide clients account statements at least quarterly. Clients are urged to compare the account statement provided by the broker-dealer/custodian with those provided by Cutler. In addition, many clients arrange with the custodian to view their accounts as frequently as desired via the internet.

Item 14 Client Referrals and Other Compensation

Compensation - Client Referrals - Solicitation Arrangement

Cutler maintains an arrangement to pay bonuses to certain employees based on client referrals that establish separately managed accounts with Cutler.

Additionally, Cutler has entered into an agreement with SmartAsset, a third-party lead generating firm. SmartAsset utilizes an online tool to match leads with investment advisers based on certain factors, including geography, minimum asset requirements, and types of services offered. For each lead Cutler will pay to SmartAsset a referral fee which varies based on the investable assets of the lead. Cutler will be solely responsible for the payment of this fee and solicited accounts will not be charged a higher management fee than those accounts that are not solicited. This arrangement has been developed in accordance with Rule 206(4)-1 under the Investment Advisers Act of 1940.

Item 15 Custody

Cutler is deemed to have custody because (i) Cutler is permitted to deduct fees directly from clients' Separately Managed Accounts, (ii) Cutler has the ability to authorize first party money transfers (wires), and (iii) Cutler serves as general partner to private investment funds organized as pooled investment vehicles.

Separately Managed Accounts

Custody of Separately Managed Account client assets will be maintained with a qualified custodian. Cutler will not have physical custody of any assets in the client's account except as permitted for payment of management fees. Clients will be solely responsible for paying all fees or charges of the custodian.

Clients will receive directly from the custodian, at least quarterly, a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to compare the account statement provided by the custodian with any statements provided by Cutler.

Clients may provide Cutler with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e. a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s), as required.

Private Investment Funds: Cutler Financial Fund, L.P. and Cutler Investment Fund, LP

Investors in the Private Investment Funds will receive the following: (1) annual audited financial statements of the fund audited by an independent certified public accounting firm, (2) a quarterly letter discussing the results of the fund for the quarter just ended, (3) an annual letter discussing the results of the fund for the year just ended, and (4) copies of such investor's Schedule K-1 to the fund's tax return.

Item 16 Investment Discretion

Cutler will accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Cutler to execute trades on behalf of clients.

When such limited powers exist between the Cutler and the client, Cutler has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Cutler may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Cutler in writing.

Item 17 Voting Client Securities

Proxy Voting

Cutler generally does not have any authority to and does not vote proxies on behalf of Separately Managed Accounts. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios; clients receive these proxies directly from either custodians or transfer agents. If requested, Cutler may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client.

Cutler may vote proxies for the Private Investment Funds.

Clients may contact us at 508-757-4455 for further information about proxy voting.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. Cutler Capital Management, LLC has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, and we have never been the subject of a bankruptcy proceeding.