

Form ADV Part 2A Brochure  
Prepared March 29, 2019

Alexander Randolph Advisory, Inc.  
1902 Campus Commons Drive  
Suite 410  
Reston, VA 20191  
703-734-1507  
703-556-9264 (fax)  
[www.alexanderrandolph.com](http://www.alexanderrandolph.com)  
[www.alexrand.com](http://www.alexrand.com)

This brochure provides information about the qualifications and business practices of Alexander Randolph Advisory, Inc. If you have questions about the contents of this brochure, please contact us at 703-734-1507. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Alexander Randolph Advisory, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Material Changes (Item #2)

There have been no material changes in our firm or our business practices during the last year.

Table of Contents (Item #3)

<u>Item Number</u>	<u>Page Number</u>	
1	1	Cover Page
2	2	Material Changes
3	3	Table of Contents
4	4	Advisory Business
5	5	Fees and Compensation
6	7	Performance Based Fees & Side-By-Side Management
7	7	Types of Clients
8	8	Methods of Analysis, Investment Strategies & Risk of Loss
9	10	Disciplinary Information
10	10	Other Financial Industry Activities & Affiliations
11	10	Codes of Ethics, Participation or Interest in Client Transactions & Personal Trading
12	11	Brokerage Practices
13	12	Review of Accounts
14	13	Client Referrals and Other Compensation
15	13	Custody
16	14	Investment Discretion
17	15	Voting Client Securities
18	16	Financial Information
19	16	Requirements for State-Registered Adviser

#### Advisory Business (Item #4)

The primary business of Alexander Randolph Advisory, Inc. is to provide investment management and wealth management services for individuals. Alexander Randolph Advisory, Inc. has been in business since 1991 and Gary W. Schlaffer is currently the principal owner of the firm.

Investment management services are provided to all of our clients in the form of managing or overseeing the management of each client's investment portfolio on a continuous basis. In addition, wealth management and financial planning services are provided to many of our firm's clients and typically involve assisting clients in the management of their financial affairs. Such services include but are not limited to income and estate tax planning, assisting in the preparation of clients' personal income tax returns, evaluating available life and disability insurance coverages and assisting clients in planning for retirement and other financial objectives.

Investment management services provided by our firm are tailored to the individual financial needs, objectives and risk tolerance of each client as specified in an investment policy statement completed and agreed to by the client which clearly states the following:

1. The client's investment objective(s).
2. The client's investment horizon (i.e. how long the client intends to leave their portfolio invested and the anticipated withdrawals from the portfolio).
3. The target asset allocation of the client's investment portfolio between growth and income oriented securities.
4. The risks and limitations of different types of investments to be purchased in the client's portfolio.
5. Constraints and restrictions which the client imposes on the management of their portfolio and the securities which can be purchased and/or sold within the portfolio.

Investment management services are rendered on both a discretionary and non-discretionary basis with the type of account (discretionary or non-discretionary) being clearly stated in each client's investment management contract. For accounts managed on a non-discretionary basis, we verbally obtain the client's specific consent prior to executing any transactions to purchase or sell securities in their investment portfolio. For accounts managed on a discretionary basis, we typically determine the specific securities to be bought and sold as well as the amount of each specific security to be bought and sold without obtaining the client's consent. All security transactions executed without the client's specific consent are consistent with the target asset allocation and constraints specified in the client's investment policy statement.

As of December 31, 2018, client investment assets managed by Alexander Randolph Advisory, Inc. were as follows:

	<u>Number of Client Portfolios</u>	<u>Assets Under Management</u>
Discretionary Client Accounts	116	\$168,739,603
Non-Discretionary Client Accounts	<u>24</u>	<u>107,262,814</u>
Total	140	\$276,002,417

Retirement Rollovers-Potential for Conflict of Interest. When a client or prospective client terminates their employment with their employer, the client/prospective client typically has four options regarding the assets they have in their former employer’s retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll the assets to their new employer’s plan, if one is available and the plan offered by their new employer permits rollovers from previous employer plans, (iii) roll the assets to an Individual Retirement Account (“IRA”), or (iv) receive a cash distribution of the assets they have in the plan (which could, depending upon the client’s age, result in adverse tax consequences). If Alexander Randolph Advisory, Inc. or one of our firm’s representatives recommends that a client roll over their retirement plan assets into an account to be managed by our firm, such a recommendation creates a conflict of interest if our firm will receive fees for managing the assets. No client is under any obligation to roll over retirement plan assets to an account managed by Alexander Randolph Advisory, Inc. Our firm’s Chief Compliance Officer, Gary Schlaffer, is available to address any questions that clients or prospective clients may have regarding the potential for conflicts of interest presented by retirement plan rollover recommendations.

#### Fees and Compensation (Item #5)

The investment management fees we receive from our clients represent 100% of our firm’s compensation for providing investment management services. Neither our firm nor any employee or affiliate of our firm accepts compensation for the sale of securities or other investment products or asset based sales charges or service fees from the sale of mutual funds.

The annual fees we charge for investment management services provided to each client are based on the following schedule as a percentage of assets under management:

1% of the first \$500,000 of assets under management,  
plus 0.5% of assets under management in excess of \$500,000.

Occasionally, clients with very large portfolios may be offered a discounted fee equal to a fixed dollar amount or 0.5% of all assets under management.

Investment management fees are charged quarterly in arrears based on each portfolio's value at the end of each calendar quarter (i.e. March 31, June 30, September 30 and December 31) and are deducted from most client portfolios within 60 days of the end of each calendar quarter. Upon request, our firm will charge investment management fees in advance based on the portfolio value at the end of the previous calendar quarter. In addition, clients may choose to avoid having their investment management fees deducted from their portfolio and instead send a check to our firm to pay their investment management fees.

Clients can terminate our firm's investment management services at any time by sending a letter to our firm at our office address via certified U.S. mail, return receipt requested. The termination letter should be signed by the client and clearly state that the client is terminating their investment management relationship with our firm either upon our receipt of the letter or at a later date specified by the client. Shortly after termination of our firm's services, we will provide the client with a final invoice for services rendered through the date of termination based on the percentage of days during the calendar quarter that the client's portfolio was managed by our firm. For instance, if the effective date of termination of our firm's services was 30 days after the end of the previous calendar quarter and there are 90 days in the current calendar quarter, we will charge one-third of our normal quarterly fee during the quarter that our firm's investment management services are terminated. For clients who pay their quarterly fees in advance, we will refund the unearned portion of the fee by mailing a refund check to the client's home address within 30 days of the date of termination of our firm's services. In no case does our firm collect fees of more than \$1,200 six months in advance of rendering services.

In addition to investment management fees paid to our firm, most client accounts will be charged brokerage/transactions costs for purchasing and selling exchange traded securities (e.g. individual stocks) by the broker/dealer or custodian holding their investment account(s). Clients also pay mutual fund management and operating expenses charged by the mutual funds held in their accounts. Brokerage/transaction costs are generally \$20 or less (and often less than \$10) for the purchase or sale of most exchange traded securities. More than 80% of the mutual funds in our client portfolios are purchased (and subsequently sold) without a transaction cost. For the small percentage of mutual fund purchases and sales for which a transaction cost is incurred, the transaction cost is \$25 or less for each purchase or sale.

The "Brokerage Practices" section beginning on page 11 of this brochure contains detailed information regarding our firm's policies and procedures for selecting broker/dealers and custodians to hold client accounts. The "Methods of Analysis, Investment Strategies Employed & Risk of Loss" section beginning on page 8 of this brochure contains detailed information about how we evaluate and select mutual funds to be held in client investment portfolios. As a fundamental investment policy, our firm only purchases "no-load" or "load waived" mutual funds in client portfolios and we place strong emphasis on minimizing transaction costs and mutual fund operating expenses in selecting securities to be purchased and held in client investment portfolios.

Fees and Compensation Received by Our Firm for  
Wealth Management & Financial Planning Services (Item #5 continued)

Clients who use our firm's wealth management and financial planning services are typically charged a retainer fee which is based on the time and resources required to competently service the clients' account at a rate of \$200-\$400 per hour of professional analysis and service rendered.

In addition to ongoing investment management and/or wealth management engagements, our firm will at times perform a specific one-time service or financial analysis for a set fee. For instance, as a precursor to providing ongoing investment management or financial advisory services for a client, we will often prepare a financial plan for the client and charge a one-time fee for such a plan. A financial plan will often address many aspects of a client's financial affairs, including but not limited to an analysis of the client's investments, estate planning, income and cash flow analysis, evaluation of the client's life and disability insurance coverage's, retirement analysis and college education funding for the client's children.

Alternatively, some client's request that a limited financial plan be designed focusing only on a few aspects of their financial situation. Fees charged by our firm for such one-time service or analysis are based on the number of hours of professional service or analysis required to provide a competent evaluation at an hourly rate of \$200-\$400.

In all cases, fees charged by our firm are discussed and agreed to by each client before such fees are incurred. In many cases, a written contract is entered into between each client and our firm which defines the wealth management and financial planning services to be provided and the fee(s) to be charged for such services. Fees are charged either in advance or in arrears for services rendered. In all cases, clients can terminate their agreement with our firm at any time by mailing written notice to our office address via certified U.S. mail, return receipt requested. Within 30 days of terminating an agreement with any client, all fees collected in advance for services not yet rendered are returned to the client.

Performance Based Fees  
& Side-By-Side Management (Item #6)

Our firm does not accept performance based fees and as a result we do not manage accounts that are charged a performance based fee side by side with accounts that are charged an hourly, flat or asset based fee.

Types of Clients (Item #7)

Most of our clients are individual investors for whom we manage personal, retirement and/or trust accounts. A small percentage of our clients (less than 5%) are institutions such as business sponsored retirement plans and non-profit organizations (e.g. charitable organizations).

Although our firm does not specifically impose a minimum dollar value of assets for opening an account, our firm's minimum annual fee for new clients is generally \$5,000. Occasionally, we will waive this minimum fee requirement for new clients if our firm's annual fee for managing their investment portfolio based on our standard fee schedule is expected to be at least \$5,000 within twelve months.

Methods of Analysis,  
Investment Strategies & Risk of Loss (Item #8)

In managing client investment portfolios and selecting securities to be held in each portfolio, our firm generally engages in fundamental securities analysis in an effort to identify securities which we believe offer one of the following:

1. Above average return potential compared to most other securities with similar risk of loss.
2. Below average risk of loss compared to other securities with similar return potential.

Virtually all of the portfolios we manage are comprised of publicly traded stocks, bonds, and/or mutual funds. In evaluating stocks of publicly traded companies, we typically review all company reports filed with the Securities and Exchange Commission such as 10K and 10Q reports as well as research reports provided by third parties. In conducting such research, we generally try to identify companies with superior financial and business characteristics including but not limited to the following:

1. Sustainable competitive advantages in the industry(s) in which the company operates
2. Operating in an industry(s) with above average growth potential
3. Strong balance sheet (e.g. high level of cash and marketable securities relative to cash needs and/or low level of debt)
4. Significant free cash flow from business operations
5. Management with history of using free cash flow from business operations to enhance shareholder value (e.g. stock repurchases, debt reduction and accretive capital investments and acquisitions)
6. Trading at enterprise value which is reasonable in relation to the company's free cash flow from business operations



In evaluating mutual funds, we generally focus on the following:

1. How the fund's past performance compares to other funds which buy and hold the same types of securities.
2. Whether the fund is still being managed by the same individual(s) who produced the fund's past performance and if not, whether qualified replacement managers have been hired.
3. The fund's expenses compared to other funds with similar investment objectives which buy and hold similar types of securities.
4. Whether the fund has changed in a manner which may make it difficult to provide performance in the future which is similar to the fund's past performance (e.g. evaluating whether the assets under management in a small company stock fund have grown to a level which makes it difficult to buy and sell small company stocks without adversely impacting their price).

In evaluating bonds, we consider each bond's credit ratings, call provisions, liquidity, maturity, interest rate risk and taxation of income payments.

Finally, in addition to performing our own proprietary analysis of all investments considered for client portfolios, we often review independent research data and statistics provided by third parties, including but not limited to various U.S. Government departments and agencies, the Federal Reserve and investment information organizations such as Standard & Poor's and Morningstar.

#### Risk of Loss (Item #8 continued)

We spend a considerable amount of time educating clients about both the risks and potential returns offered by their investments in order to establish realistic expectations for investment results. From our experience, unrealistic expectations eventually lead to disappointments that cause clients to prematurely abandon investment strategies. It is important for clients to understand that all investments have risks and that such risks not only may result in investment losses, but periodically will cause losses to occur. As part of our ongoing efforts to educate clients about the risks inherent in holding different types of investments, all clients are required to review and sign an investment policy statement which defines the risks and potential returns of different types of securities as follows:

1. Income Oriented Investments (i.e. Investment Grade Bonds) are expected to generate a consistent, dependable income stream with low long term risk of principal loss and little or no potential for capital appreciation. The principal value of such investments will fluctuate inversely with interest rates by as much as 10% for every 1% change in interest rate levels.

2. Income & Growth Investments (e.g. Real Estate Investment Trusts) are expected to generate a fairly dependable stream of income which is expected to rise moderately over time (i.e. 1 - 4% annually). The stream of income generated by such investments is less dependable than the income generated by Income Oriented Investments and is periodically susceptible to a permanent decline. Such investments are expected to generate moderate long term appreciation (i.e. 1% - 4% annually) but can fluctuate in value or permanently decline as much as 40% annually.
3. Growth Oriented Investments are expected to appreciate in value but generate little or no income. The total return provided by such investments over periods exceeding ten years is generally expected to exceed the returns provided by Income and Income & Growth Investments but with the risk of substantial principal loss of as much as 50% in a short period of time (i.e. a month or less) with no warning.

#### Disciplinary Information (Item #9)

Neither our firm nor any of our stockholders, directors or employees have been a party to any material legal or disciplinary events related to our investment management or wealth management services or business during the last ten years.

#### Other Financial Industry Activities & Affiliations (Item #10)

Alexander Randolph Advisory, Inc. shares office space and some operating expenses (e.g. rent, phone service, office supplies) with Alexander Randolph, Inc. which offers tax and accounting services. Robert A. Krueger is a stockholder of both Alexander Randolph Advisory, Inc. and Alexander Randolph, Inc. and is engaged in providing tax and accounting services through Alexander Randolph, Inc. Although some clients of Alexander Randolph Advisory, Inc. have chosen to use tax and/or accounting services provided by Alexander Randolph, Inc., clients of Alexander Randolph Advisory, Inc. are not required to use any of the services of Alexander Randolph, Inc.

#### Code of Ethics, Participation or Interest in Client Transactions & Personal Trading (Item #11)

Stockholders, directors and employees of our firm often invest in the same securities held in client investment portfolios. Our firm has a Code of Ethics which is designed to ensure that the execution of transactions in client accounts is not adversely impacted by the execution of transactions in the personal accounts of our stockholders, directors and/or employees. Under our Code of Ethics, our firm's stockholders, directors and employees are precluded from purchasing or selling exchange traded securities (e.g. stocks, bonds, exchange traded mutual funds) in advance of anticipated

purchases and sales of the same securities in client accounts. In addition, all stockholders, directors and employees of our firm are required to report their personal securities holdings annually and their personal security transactions quarterly to our firm's Chief Compliance Officer. Such reports of personal securities holdings and transactions are then reviewed to ensure that the execution of transactions in client accounts is not adversely impacted by the execution of transactions in the personal accounts of our stockholders, directors and/or employees.

In addition, our Code of Ethics requires all stockholders, directors and employees to obtain approval from our Chief Compliance Officer prior to investing in initial public offerings (IPOs) and private placements including hedge funds in an effort to ensure that such investments do not adversely impact the performance of client investment portfolios. A copy of our firm's Code of Ethics will be provided to clients and prospective clients who submit a written request to the attention of our "Chief Compliance Officer" at our office address.

#### Brokerage Practices (Item #12)

Our firm periodically reviews and considers the services offered by different broker/dealers and custodians in an effort to identify the broker/dealer and custodial services which will facilitate the most effective management of client investment portfolios net of all securities commission and transaction costs incurred. At present, most client portfolios managed by our firm are held at Charles Schwab & Company's institutional services division or TD Ameritrade's institutional services division because we believe they offer the best mix of services at the lowest cost for our clients. Our advisory representatives must obtain authorization from our firm's Chief Compliance Officer to establish a client account with a broker/dealer or custodian other than Charles Schwab & Co or TD Ameritrade. All of our clients approve of the broker/dealer or custodian selected to custody and execute securities transactions for their investment portfolio by completing account applications specific to the broker/dealer or custodian to be used.

Charles Schwab & Co. and TD Ameritrade provide our firm with access to client account information via the internet. In addition, Charles Schwab & Company's Institutional Services Division provides our firm with access to its institutional trading and operations services, which are typically not available to retail investors. Schwab Institutional and TD Ameritrade's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. Schwab Institutional and TD Ameritrade also make available to our firm other products and services that benefit us in managing and administering client accounts but may not benefit all client accounts. Such products and services include software and other technology which enables our firm to access client account data, facilitate trade execution, provide research, pricing information and other market data, facilitate payment of investment management fees from client accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services may be used by our firm to provide services for all or a substantial number of clients including accounts not maintained at Schwab Institutional and/or TD Ameritrade. Both Schwab Institutional and TD Ameritrade may also provide our firm with consulting services, publications and

presentations on business management, information technology, business succession planning, regulatory compliance and marketing. In addition, Schwab Institutional and TD Ameritrade may make available, arrange and/or pay for such services to be provided by independent third-parties. The availability of these products and services to our firm is not contingent upon us committing to Schwab Institutional or TD Ameritrade any specific amount of assets in custody or trading volume.

The benefits and support provided by Charles Schwab & Co and TD Ameritrade generally enable our firm to operate and provide services to clients more efficiently and cost effectively than would be possible without these benefits. As a result, we generally require our investment management clients to custody and execute securities transactions in the accounts we manage at either Charles Schwab & Co. or TD Ameritrade unless they are able to demonstrate that maintaining their accounts at another broker/dealer or custodian is likely to provide them with significant benefits not available through Charles Schwab & Co. or TD Ameritrade.

Clients and prospective clients should note that not all investment management firms will require them to custody their accounts and execute securities transactions through specific broker/dealer's or custodians selected by the investment management firm.

#### Aggregating Client Investment Transactions (Item #12 continued)

Our firm's policy is to aggregate all transactions involving individual stocks, exchange traded mutual funds and bonds, whenever possible to avoid one client receiving a more or less favorable price than other clients. When any exchange traded security (i.e. individual stock or exchange traded mutual fund) is being purchased or sold in more than one client account on the same day, the total number of shares being purchased or sold are added together to create an aggregated or block transaction and all client portfolios participating in the aggregated or "block" transaction will receive the average share price our firm is able to obtain for all shares purchased or sold. Similarly, when a specific bond is being purchased or sold in more than one client account on the same day, the total face amount being purchased or sold in all client portfolios is added together to create an aggregated or block transaction and all client portfolios participating in the aggregated or "block" transaction will receive the average price our firm is able to obtain as a percentage of the total face amount of the bond being purchased or sold. In addition, all transactions we place for employees or stockholders of our firm are either aggregated with client transactions or placed after client transactions to avoid potential conflicts of interest.

#### Review of Accounts (Item #13)

Each client investment portfolio we manage is typically reviewed at least once each year for possible changes in portfolio holdings. Such reviews are conducted by one or more of our firm's investment advisory representatives. Reviews are generally conducted to ensure that each client portfolio is invested in a manner consistent with the client's investment objectives and risk constraints which are detailed in the investment policy statement or investment management contract signed by the client.

In addition, our firm's investment advisory representatives spend considerable time each week conducting research and financial reviews of securities currently held in client accounts and of securities being considered for purchase in client accounts. As a result, we regularly recommend purchasing securities not previously held in client portfolios and/or liquidating securities currently held in client portfolios throughout each year. Whenever we begin recommending a security not previously held in all client accounts, all client portfolios are reviewed to determine the amount of the security (if any) which is appropriate to purchase in each client account. Similarly, when we recommend liquidating a security currently held in client accounts, each client portfolio holding the security is reviewed to determine the amount of the security to sell. As a result, changes are often made in the securities held in most client portfolios on occasions other than the review of the entire portfolio.

All of our investment management clients receive reports on their portfolio at the end of each calendar quarter detailing their investment holdings and the year to date performance of their investments.

#### Client Referrals and Other Compensation (Item #14)

Our firm does not provide compensation to anyone who is not an employee of our firm for client referrals.

#### Custody (Item #15)

As noted in the "Fees and Compensation" section of this brochure, we deduct our investment management fees directly from most of our client investment portfolios. As a result, our firm is considered to have "custody" of the portfolios we manage. All investment portfolios we manage are held at third party qualified custodians (e.g. broker/dealers, trust companies or mutual funds) that send account statements directly to clients either monthly or quarterly. As required under federal securities laws pertaining to our firm as an investment adviser registered with the Securities and Exchange Commission, we urge clients to carefully review the account statements they receive from the custodian(s) holding their account(s) and compare those custodian account statements with the quarterly reports we prepare and send.

Some of our clients periodically request that we transfer funds from one or more accounts we manage for them to a third party. In order for us to complete such transfers, these clients have provided our firm with the authorization to transfer funds from one or more of their accounts to a third party. All such authorizations, meet the following seven conditions:

1. The client has provided an instruction to the custodian holding their account(s), in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

2. The client has authorized our firm, in writing, to direct transfers to the third party either on a specified schedule or from time to time.
3. The custodian holding the client's account(s) has performed appropriate verification of the written instructions provided by the client, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the custodian holding their account(s).
5. Our firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's written instructions.
6. Our firm maintains records showing that the third party is not related to our firm or located at the same address as our firm.
7. The custodian holding the client's account(s) sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Under the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter our firm is considered to have custody of the client accounts from which we are able to transfer funds to third parties. Since the authorizations which permit us to transfer funds from client accounts to third parties meet the seven conditions listed above, the client accounts where we have such authorizations are not subjected to an annual surprise examination by a CPA.

Except for our firm's ability to deduct our investment management fees from client investment portfolios or to transfer funds from a limited number of client accounts to third parties as described above, we do NOT otherwise have custody of client assets.

#### Investment Discretion (Item #16)

As mentioned in the "Advisory Business" section which begins on page 4 of this brochure, many of our client accounts are managed on a discretionary basis in which our firm determines the specific securities to be bought and sold as well as the amount of each specific security to be bought and sold without obtaining the client's consent. All security transactions executed without the client's specific consent are consistent with the target asset allocation and constraints determined by the client which are outlined in an investment policy statement executed by the client that specifies the following:

1. The client's investment objective(s).

2. The client's investment horizon (i.e. how long the client intends to leave their portfolio invested and the anticipated withdrawals from the portfolio).
3. The target asset allocation of the client's investment portfolio between growth and income oriented securities.
4. The risks and limitations of different types of investments to be purchased in the client's portfolio.
5. Constraints and restrictions which the client imposes on the management of their portfolio and the securities which can be purchased and/or sold within the portfolio.

Prior to our firm purchasing or selling securities in discretionary client accounts, clients execute appropriate limited powers of attorney by signing the account application(s) of the custodian(s) holding their account and by executing our firm's discretionary investment management contract.

#### Voting Client Securities (Item #17)

Our firm often votes proxies on behalf of clients for securities held in client accounts. Clients whose proxies we do not vote receive proxy cards and materials directly from the custodian(s) holding their investment account(s) but may contact the representative of our firm responsible for managing their portfolio if they have questions regarding a specific proxy vote.

For the proxies we do vote, we generally adhere to the following policies and procedures in an effort to vote proxies in the best interest of our clients:

1. The election or reelection of directors and the ratification of election or reelection of independent auditors are generally approved if actions taken by the company/mutual fund's board of directors and management have been consistent with the objective of maximizing the performance of the company/mutual fund's securities which are owned by our clients.
2. Specific proposals related to the governance of the company/mutual fund are generally reviewed and evaluated for their contribution to maximizing the disclosure of the company/mutual fund's business and financial performance.
3. Specific proposals related to management compensation, employee options, severance packages and retirement plans are evaluated for their effect on earnings and dilution of shareholder interests. Such proposals are approved if the dilution of shareholder interests is not unreasonable and if management's performance and the financial performance of the company/mutual fund warrants paying such compensation.

4. Shareholder activism proposals related to political, environmental, labor, and/or social causes are generally abstained, unless such proposals are expected to have a material economic impact on shareholder value. Such proposals which are deemed to have a material impact on shareholder value are voted in a manner which we believe will maximize shareholder value.

Since our firm is engaged in the business of investment management and providing advisory services for the benefit of clients, the interests of our firm and our clients are very rarely in conflict. Any proxy proposals where the interests of our firm and our clients are in conflict, are voted in the best interest of our clients.

Clients can obtain the proxy vote we submit for any security held in their investment portfolio by mailing a written request to the attention of our “Chief Compliance Officer” at our firm’s office address.

#### Financial Information (Item #18)

Our firm does not require or solicit prepayment of more than \$1,200 in fees from any client six months or more in advance of providing services.

Our firm’s financial condition is not likely to impair our ability to meet contractual commitments to clients in the foreseeable future.

#### Requirements for State-Registered Advisers (Item #19)

Our firm is not required to be registered with any state securities authorities.