

Uniform Application for Investment Adviser Registration

Part II - Page 1

Name of Investment Adviser: <b>Carret Asset Management, LLC</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
<b>40 West 57<sup>nd</sup> Street 20<sup>th</sup> Floor</b>	<b>New York</b>	<b>NY</b>	<b>10019</b>	<b>(212) 593-3800</b>

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients . . . . .	2
3	Types of Investments . . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4
6	Education and Business Background . . . . .	4
7	Other Business Activities . . . . .	4
8	Other Financial Industry Activities or Affiliations . . . . .	4
9	Participation or Interest in Client Transactions . . . . .	5
10	Conditions for Managing Accounts . . . . .	5
11	Review of Accounts . . . . .	5
12	Investment or Brokerage Discretion . . . . .	6
13	Additional Compensation . . . . .	6
14	Balance Sheet . . . . .	6
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required . . . . .	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services . . . . .	<b>100%</b>
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services . . . . .	%
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above . . . . .	%
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription . . . . .	%
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above . . . . .	%
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	%
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	%
<input type="checkbox"/>	(8) Provides a timing service . . . . .	%
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges  | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed Fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | I. Options contracts on:   |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input checked="" type="checkbox"/> (1) securities                         |
| <input checked="" type="checkbox"/> (3) foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants  | J. Futures contracts on:   |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | K. Interests in partnerships investing in:                                 |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input checked="" type="checkbox"/> (1) real estate                        |
| G. Investment company securities:  | <input checked="" type="checkbox"/> (2) oil and gas interests              |
| <input type="checkbox"/> (1) variable life insurance   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input type="checkbox"/> (2) variable annuities  | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                         | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input checked="" type="checkbox"/> Short sales   |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

• name	• formal education after high school
• year of birth	• business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

A. Applicant is actively engaged in a business other than giving investment advice.

B. Applicant sells products or services other than investment advice to clients.

C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

A. Applicant is registered (or has an application pending) as a securities broker-dealer.

B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input checked="" type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes No

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or Associated Persons. All clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review investment objectives and account performance with the Registrant on an annual basis.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment supervisory services may also receive a quarterly report from the Registrant summarizing account activity and performance.

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |   |                             |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or  
requires repayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
CARRET ASSET MANAGEMENT, LLC	801-63093	March 2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CARRET ASSET MANAGEMENT, LLC</b>	IRS Empl. Ident. No.: <b>55-0863498</b>
--	--

Item of Form (identify)	Answer
----------------------------	--------

Item ID

Registrant's investment advisory services are currently limited to the discretionary management of investment portfolios for individuals, investment companies, investment limited partnerships, pension and profit sharing plans, trusts, estates and charitable organizations, Taft Hartley clients and business entities, in accordance with the investment objectives of the client. To the extent specifically requested by a client, Registrant may provide limited consultation services to its investment management clients on investment and non-investment related matters. Any such consultation services, to the extent rendered, shall be rendered on an unsolicited basis, for which Registrant may charge an hourly or fixed consultation fee.

**INVESTMENT MANAGEMENT**

In the event the client desires, the client can engage the Registrant to provide discretionary investment management services on a fee-only basis. In the event the client determines to engage the Registrant on a fee-only basis, Registrant shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Registrant. The investment management fee is dependent upon the market value of the assets (including cash) under management, and will generally be in accordance with the following schedule:

Portfolio Value	Annual Fee
First \$2 million of value	1.25% annually (0.3125% quarterly)
Next \$3 million of value	1.00% annually (0.2500% quarterly)
Next \$5 million of value	0.75% annually (0.1875% quarterly)
Next \$10 million of value	0.70% annually (0.1750% quarterly)
Thereafter	0.65% annually (0.1625% quarterly)

Registrant's annual investment management fee shall be prorated and paid quarterly, based upon the market value of the assets on the last business day of the previous quarter in accordance with the terms and conditions of the Investment Advisory Agreement between the Registrant and the client. Registrant generally imposes an account minimum of \$500,000.00 for investment management services and a minimum annual fee of \$6,250.00. However, Registrant, in its sole discretion, may require a lesser account minimum, reduce its annual minimum fee, and/or charge a lesser investment management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

To the extent that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at various broker-dealers and/or custodians, including, but not limited to, Charles Schwab & Co., Inc. ("Schwab") and Fidelity Investments ("Fidelity"). Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement, shall authorize the custodian to debit the account for the amount of the Registrant's investment management fee and to directly remit that management fee to the Registrant in accordance with regulatory procedures. The Registrant's Investment Advisory Agreement with its Taft-Hartley clients provides that the Registrant's investment management fee will be paid by check by the client upon presentation of quarterly invoices.

The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund to the client the pro-rated

remaining balance (if any) of Registrant's quarterly investment management fee.

Registrant allocates investment management assets of its client accounts on a discretionary basis. Investment management assets are primarily allocated among individual debt and equity securities, (including exchange traded funds) and, to a much lesser extent, among no load and/or load-waived mutual funds, in accordance with the investment objectives of the client. Broker-dealers/custodians charge commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual debt and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services in which event, the client shall incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the custodian.

**Execution/Soft Dollar Arrangement.** Factors which the Registrant considers in recommending a particular broker-dealer/custodian to clients include historical relationship with the Registrant, financial strength, reputation, execution, pricing, research, and service. The Registrant, nor any of its Principals or Associated Persons will receive any portion of the brokerage commissions and/or transactions fees charged to clients. In return for effecting securities transactions through a designated broker-dealer/custodian, Registrant may receive certain investment research products and/or services which assist the Registrant in its investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a soft dollar arrangement). Investment research products and/or services received by Registrant may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products and/or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products and/or services obtained by the Registrant that have a mixed use of both a research and non-research (e.g., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. **The Registrant's Chief Compliance Officer, Marco Vega, remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

#### **COMMISSION TRANSACTIONS**

In the event that the client desires, the client can engage certain of Registrant's Principals and/or Associated Persons, in their individual capacities as registered representatives of Brean Murray, Carret and Co., LLC ("Brean"), an SEC registered and NASD member broker-dealer to implement investment recommendations on a fully-disclosed commission basis. In the event the client chooses to purchase investment products through Brean, brokerage commissions will be charged by Brean to effect securities transactions. The brokerage commissions charged by Brean may be higher than those charged by other broker-dealers. In addition, Brean as well as the applicable Principal and/or Associated Persons, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. The relationship between Registrant's investment advisory clients and Brean is minimal and not material to Registrant's investment

advisory operations. **Please Note:** The recommendation that a client purchase securities from Registrant's representatives in their individual capacities as registered representatives of Brean presents a *conflict of interest*. No client is under any obligation to do so. **The Registrant's Chief Compliance Officer, Marco Vega, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

#### **MISCELLANEOUS**

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may also utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Please Note: Use of Margin.** To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin shall correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of the client.

**Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Registrant's clients are advised to promptly notify the Registrant if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Registrant's management services.

**Assignment.** Neither the Registrant nor the client may assign the Investment Advisory Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of the Registrant shall not be considered an assignment.

**Disclosure Statement.** A copy of Registrant's written disclosure statement as set forth on Part II of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement. Any client who has not received a copy of Registrant's written disclosure statement at least forty-eight (48) hours prior to executing the Investment Advisory Agreement shall have five (5) business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

Item 3K(3)	<p>Interests in limited partnerships invested in publicly and privately held companies, including gold mining and other shares.</p> <p><b>Please Note:</b> Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the each fund's offering documents, which will be provided to each investor for review and consideration. Each prospective investor will be required to complete a Subscription Agreement, pursuant to which the investor shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.</p>
Item 5	<p>All individuals who give investment advice on behalf of the Registrant must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall Have attained all required investment-related licenses and/or designations.</p>
Item 6	<p><b>Education and Business Background:</b></p> <ol style="list-style-type: none"> <li>1. <b>Pierre J. De Vegh, Senior Managing Director:</b>        Born – 1936.        Education:        Harvard College, A.B. in History and Literature.        Columbia University, Ph.D. candidate – Economics.        Business Background –       <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 5/2004 to present</li> <li>• Carret and Company LLC since 1994 to 5/2004.</li> </ul> </li>   <li>2. <b>Todd R. Fliegel, Managing Director:</b>        Born – 1966.        Education – Seton Hall University, BS Finance        Business Background –       <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 5/2004 to present.</li> <li>• Carret and Company LLC, 06/2002 to 5/2004.</li> <li>• Manchester Capital Corporation, 1999 to 06/2002.</li> <li>• United National Bank, 1998 to 1999.</li> <li>• Mellon Private Asset Management, 1996 to 1998.</li> </ul> </li>   <li>3. <b>Donald B. Gimbel, Senior Managing Director – International Investments:</b>        Born – 1941.        Education – Georgetown University of Foreign Service – Foreign Trade.        Business Background:       <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 5/2004 to present.</li> <li>• Carret &amp; Company LLC, 2000 to 5/2004.</li> <li>• Gimbel Asset Management, President, 1996 to 2000.</li> </ul> </li>   <li>4. <b>Laurence R. Golding, Managing Director:</b>        Born – 1955,        Education:        Harvard College, A.B. 1977 <i>cum laude</i>, History.        Harvard Business School, MBA 1984, Finance and Investments.        Business Background –       <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 1/2007 to present.</li> <li>• Morse, Williams., Managing Director, 11/1996 to 1/2007.</li> <li>• Fleet Investment Advisors, Vice President &amp; Resident Manager, 3/1993 to 11/1996</li> <li>• AMAS Securities, Inc., Vice President &amp; Senior Portfolio Manager, 3/1990 to 3/1993</li> <li>• W.P. Stewart &amp; Co. Inc., Senior Analyst and Associate Portfolio Manager, 5/1988 to 3/1990</li> <li>• Putnam Management Company, Inc., Vice President and Analyst, 8/1984 to 5/1988</li> </ul> </li>   <li>5. <b>Jason R. Graybill, CFA, Senior Managing Director:</b>        Born – 1970        Education        Towson University, B.S.        University of Baltimore, M.S.        Business Background:       <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 5/2008 – present</li> <li>• Abner, Herrman &amp; Brock, LLC, 1/1995 – 5/2008</li> <li>• Valuation Counselors Group, 6/1993 - 12/1994</li> <li>• Oxford Capital Management, 1/1991 - 6/1993</li> </ul> </li> </ol>

- 6. Jack C. Kaplan, CFA, Managing Director:**  
Born – 1968.  
Education, Wharton School of the University of Pennsylvania, B.S. Economics  
Business Background:  
  - Carret Asset Management, LLC, 2/2006 to present.
  - Trilogy Advisors LLC, 1/2004 to 9/2005.
  - Dominick and Dominick LLC, 8/2001 to 12/2003
  - Clay Finlay, Inc., Portfolio Manager, 1991 to 2001
- 7. Neil D. Klein, Senior Managing Director:**  
Born – 1965  
Education  
The Pennsylvania State University, B.S.  
Temple University, Fox School of Business, M.B.A.  
Business Background:  
  - Carret Asset Management, LLC, 5/2008 – Present
  - Abner, Herrman & Brock, LLC, 7/2005 – 5/2008
  - Oppenheimer Investment Advisors, 10/1996 – 7/2005
  - Merrill Lynch Investment Management, 6/1992 – 10/1996
  - Merrill Lynch & Co. Inc., 4/1987 – 6/1992
- 8. Elizabeth A. Newberry, CFA, Managing Director:**  
Born – 1964.  
Education –  
The American University, BS in BA International Business Finance.  
George Washington University, MBA Finance and Investments.  
Business Background:  
  - Carret Asset Management, LLC, 5/2004 to present.
  - Carret and Company LLC, 6/2002 to 5/2004.
  - Manchester Capital Corporation, 1996 to 6/2002
- 9. Anthony G. Orphanos, Senior Managing Director**  
Born - 1945  
Education -  
New York University, MBA in Finance and Investments  
Harvard College, AB in Economics  
Business Background:  
  - Austin Investment Management - Chief Market Strategist, 2004 to 2007
  - Howard Capital Management - Chief Investment Officer, 1998 to 2004
  - Warburg Pincus Asset Management - Managing Director, 1977 to 1998
  - The Dreyfus Corporation - Vice President, 1972 to 1977
- 10. David P. Pearson, Senior Managing Director:**  
Born – 1934  
Education –  
Yale University, BS Industrial Administration.  
New York University Graduate School of Business, M.B.A. Finance  
Business Background:  
  - Carret Asset Management, LLC, 5/2004 to present.
  - Carret and Company LLC, 1990 to 5/2004.
- 11. Wayne S. Reisner, Senior Managing Director:**  
Born – 1950.  
Education –  
Lehigh University, BS Marketing.  
George Washington University, Finance and Investments.  
Business Background:  
  - Carret Asset Management, LLC, 5/2004 to present.
  - Carret and Company LLC, 06/2002 to 5/2004.
  - Sterling Capital Corp., President, 1993 to 2005
  - Walter Scheuer Family Office, 1988 to 2002
  - Manchester Capital Corporation, 1990 to 06/2002
- 12. Marco A. Vega, Director, Operations and Finance:**  
Born – 1969.  
Education – St. John's University, B.A. Accounting, M.B.A. Finance  
Business Background:  
  - Carret Asset Management, LLC, 5/2004 to present.
  - Carret Capital LLC, 2004 to present.
  - Carret and Company LLC, March 2003 to 5/2004.
  - Valores Finamex International, Inc., Chief Financial Officer, 1997 to 2003.
  - Serfin Securities, Inc., Contoller 1994-1997

	<p><b>13. Samuel D. Williams, Senior Managing Director:</b>  Born – 1936.  Education, Harvard College, B.A. Fine Arts  Business Background:</p> <ul style="list-style-type: none"> <li>• Carret Asset Management, LLC, 5/2004 to present.</li> <li>• Carret and Company LLC, 1999 to 5/2004.</li> <li>• Financial Square Partners, Director, 1998 to 1999.</li> <li>• Cowen Asset Management, Director and Senior Portfolio Manager, 1992-1998</li> </ul>
<p>Items 8C(1), 9B and 9D</p>	<p>Registrant is under common ownership with Brean Murray, Carret and Co., LLC (“Brean”), an SEC registered broker-dealer and FINRA and SIPC member. In addition, certain Principals and/or Associated Persons of Registrant are also registered representatives of Brean, and in such individual capacities, may effect securities brokerage transactions on a commission basis, including transactions for Registrant’s investment management client accounts. All clients that designate Brean as the broker-dealer are advised of the relationship between Registrant and Brean, and are required to execute a separate written agreement with Brean setting forth the terms and conditions of the brokerage relationship. Ridge Clearing &amp; Outsourcing Solutions, Inc. serves as the clearing/custodial firms for all Brean’s accounts. Please note that the commissions and/or transaction fees charged by Brean may be more than those charged by other broker-dealers available through the Registrant. Accordingly, no client is required to use Brean’s brokerage services, and may choose other brokerage/custodial arrangements available through the Registrant and/or direct the Registrant to use an alternative brokerage/custodial arrangement (subject to the limitations set forth at Items 12A and 12B hereof). The relationship between Registrant’s investment advisory clients and Brean is minimal and not material to Registrant’s investment advisory operations.</p> <p>In addition to the above, Messr. Anthony Orphanos, member of the Registrant (the “Member”), maintain interests in Bion Environmental Technologies Inc (the “Company”). To the extent that the Registrant determines to purchase any and/or all of the Companies for client accounts, it shall do so exclusively on the investment merits of each such company, separate and independent of the member’s association with the Companies. Nevertheless, the relationship of the Member to the Company presents a <b><i>conflict of interest</i></b>. Accordingly, each client has the right to advise the Registrant not to purchase any and/or all of the Companies for his/her/their/its accounts.</p>
<p>Item 8C(2) and 8D</p>	<p>The Registrant also serves as the investment adviser to the Carret Global Fund (the “Fund”), an affiliated investment company incorporated under the laws of the Cayman Islands. The objective of the Fund is to achieve long-term capital growth by investing in a concentrated portfolio of global equity securities. To the extent certain of Registrant’s individual advisory clients qualify, and determine that an investment is appropriate given their investment objective(s) and financial situation, they may be eligible to participate as investors in the Fund. In addition, related persons of the Registrant may sponsor other private investment funds.</p> <p>The Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets in such funds, including the Fund. The terms and conditions for participation in the Fund or any other private investment fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in each fund’s offering documents.</p> <p><b><u>Please Note:</u></b> Because the Registrant’s affiliates can earn incentive compensation from the Fund, the recommendation that a client become a Fund investor presents a <b>conflict of interest</b>. No client is under any obligation to become a Fund investor, or an investor in any other private investment fund. <b><u>The Registrant’s Chief Compliance Officer, Marco Vega, remains available to address any questions regarding this conflict of interest.</u></b></p> <p><b><u>Please Also Note:</u></b> Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the each fund’s offering documents, which will be provided to each investor for review and consideration. Each prospective investor will be required to complete a Subscription Agreement, pursuant to which the investor shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.</p>

Item 9E	The Registrant has implemented an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics which serves to establish a standard of business conduct for all of Registrant's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.
Item 10	Please see previous disclosure set forth at Item 1D of this Schedule F relative to account and annual fee minimums.
Items 12A and 12B	<p>Please see the previous responses set forth on this Schedule F to Items 1D, 8C(1) and 9B. In addition, Registrant's general policies relative to the execution of client securities brokerage transactions are as follows:</p> <p><b><u>Execution of Brokerage Transactions (when applicable)</u></b>. If requested, Registrant will arrange for the execution of securities brokerage transactions for the account through broker dealers that Registrant reasonably believes will provide "best execution". In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.</p> <p>Consistent with obtaining best execution, transactions for a client's account may be effected through broker-dealers in return for research products and/or services which assist Registrant in its investment decision making process. Such research generally will be used to service all of Registrant's clients, but brokerage commissions paid by client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where Registrant determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.</p> <p>Over-the-Counter (OTC) securities transactions for Registrant's clients are generally effected on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client will also incur the transaction fee imposed by the executing broker-dealer. The Registrant does not receive any portion of the dealer mark-up/down or executing broker-dealer transaction fee.</p> <p>Transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Registrant's clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of the aggregation.</p> <p>The client may direct Registrant to use a particular broker-dealer (subject to the Registrant's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.</p> <p>In the event that the client directs the Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through the Registrant.</p> <p>In the event that transactions for a client's accounts are effected through a broker-dealer that refers</p>

investment management clients to Registrant, there exists the potential for conflict of interest if the client's accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through the Registrant.

Registrant may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Registrant is independently owned and operated and not affiliated with Schwab. Schwab provides Registrant with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional, and *is not otherwise contingent upon Registrant committing to Schwab any specific amount of business (assets in custody or trading)*. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

Schwab also makes available to Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. Some of these other products and services assist Registrant in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Registrant's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Registrant's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Registrant other services intended to help it manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Registrant by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Registrant. While as a fiduciary, Registrant endeavors to act in its clients' best interests, and Registrant's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Registrant of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In the event that the Registrant is engaged to provide investment management services as part of an unaffiliated wrap-fee program, the Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that that the Registrant is engaged to provide investment management services as part of an unaffiliated managed account program, the Registrant will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

**Initial Public Offering (IPO) Policy.** On occasion, the Registrant, through its clearing/custodial firm relationships, may have limited access to IPO shares, however, the Registrant generally does not purchase and/or recommend IPOs for its individual client accounts. In the limited event that the Registrant purchases an IPO, it will be only to the extent that: (a) the Registrant first determines such IPO is suitable for its clients; and, (b) the IPO is available through its existing clearing/custodial firm relationships; or (2) for those individual clients of Registrant who, on a completely unsolicited basis, contact Registrant to request that Registrant purchase a specific IPO for his/her/their/its account, to the extent same has been made available to Registrant. In the event of any such unsolicited request(s), Registrant, after first determining that the client is *qualified* for

such specific IPO (i.e., suitable for the client relative to the client's investment objectives, financial situation and current asset allocation), *may* (to the extent possible under the circumstances) purchase such IPO on a pro-rata basis with other unsolicited client requests. To the extent possible and applicable under the circumstances, Registrant will use reasonable efforts to allocate available IPO shares on a fair and equitable basis in accordance with the terms and conditions of the aforementioned policy.

**Proxy Voting Policy.** Unless the Registrant has agreed to otherwise, in writing, the client shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets. Registrant and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the assets.

In the event that Registrant does vote proxies, absent mitigating circumstances and/or conflicts of interest (to the extent any such circumstance or conflict is presented, if ever, information pertaining to how the Registrant addressed any such circumstance or conflict shall be maintained by the Registrant), it is the Registrant's general policy to vote proxies in conjunction with the services provided by, and consistent with the recommendations of, RiskMetrics Groups ("RiskMetrics"). With regard to Taft-Hartley clients, Registrant has retained RiskMetrics, at no cost to the client, to vote all proxies in accordance with AFL-CIO Guidelines for Voting Proxies which by definition is in the best interests of the client. RiskMetrics has created a new "micro-site" for Registrant's clients - to provide transparency regarding Registrant's proxy voting policies and procedures. The guidelines (U.S. and Global) can be found at: [http://www.riskmetrics.com/policy/2009/policy\\_information](http://www.riskmetrics.com/policy/2009/policy_information).

The Registrant (in conjunction with the services provided by RiskMetrics) shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant (in conjunction with the services provided by RiskMetrics) shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request.

See additional disclosure above at Item 1D regarding soft dollar arrangements **and** below at Item 13A and 13B regarding Schwab..

Item 13A

Please see the response set forth in Item 1D pertaining to soft dollar arrangements, pursuant to which the Registrant may obtain investment research products and/or services which assist the Registrant in its investment decision-making process for its client accounts. .

In addition, although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from a particular broker-dealer/custodian, without cost (and/or at a discount) support services and/or products, which assist Registrant in better monitoring and servicing client accounts maintained at a particular broker dealer/custodian. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations. Please see the response set forth in Item 12A and 12B pertaining to services provided by Schwab Institutional.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at any custodian as result of such an arrangement. There is no corresponding commitment made by the Registrant to any such custodian or any other any entity to invest any specific amount or percentage

of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Marco Vega, remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

Item 13B

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Except as disclosed below, any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure statement as same is set forth on Part II of Form ADV, including this Schedule F, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant. Any affiliated solicitor of the Registrant shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Registrant's written disclosure statement as same is set forth on Part II of Form ADV.

**Schwab Referrals:**

Registrant receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Registrant's participation in Schwab Adviser Network ("the Service"). The Service is designed to help investors find an independent Investment Adviser. Schwab is a broker-dealer independent of and unaffiliated with Registrant. Schwab does not supervise Adviser and has no responsibility for Registrant's management of clients' portfolios or Adviser's other advice or services. Registrant pays Schwab fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest described below.

Registrant pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees the client owes to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Registrant charges clients with similar portfolios who were not referred through the Service.

Registrant generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Adviser generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Registrant will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on Schwab-executed trades) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Registrant may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Registrant nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at

	<p>Schwab may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.</p>
--	---