

*du Pasquier*  
**ASSET MANAGEMENT**

**This Brochure Supplement (Form ADV Part 2B) provides clients with information about du Pasquier Asset Management and its Wrap Fee Program that should be considered before becoming a client of du Pasquier Asset Management. This information has not been approved or verified by any governmental authority.**

**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
Definition of Wrap Fee Program.....	2
Wrap Fee Program Overview.....	2
Investment or Brokerage Discretion.....	3
Investment Process and Strategies .....	3
Conditions for Managing Accounts.....	5
Review of Portfolio Accounts .....	5
Education Standards and Business Experience .....	7
Other Financial Affiliations-Broker/Dealer .....	8
Participation or Interest in Client Transactions .....	8
Wrap Program Fees.....	9
Payments to Financial Professionals .....	10
Withdrawal of Assets and Termination.....	10

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Registered Investment Advisor

## **du Pasquier Asset Management Wrap Fee/All Inclusive Fee Brochure**

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du Pasquier and Asset Management (“DPAM”) offers the following “wrap fee” or “all-inclusive fee” programs. Clients may select a wrap fee program whereby an Investment Manager employed by du Pasquier Asset Management actively manages the account. du Pasquier Asset Management will act as the Investment Adviser to the client. Clients may also elect to choose an Investment Manager employed by an Independent Investment Adviser to actively manage their assets under a Wrap Fee Agreement with du Pasquier Asset Management whereby du Pasquier Asset Management acts as the sponsor to the program and the Independent Investment Adviser acts as the Investment Manager to the client.

### **I) Definition of Wrap Fee Program:**

The Investment Advisers Act of 1940 defines a wrap fee program as an investment program under which any client is charged a specified fee or fees not based directly upon transactions in a client’s account for investment advisory services (which may include account review, portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

An Investment Adviser that is compensated under a wrap fee program for sponsoring, organizing or administering the program, or for selecting, or providing advice to clients regarding the selection and/or review of other investment managers, shall, in lieu of the written disclosure statement be required by the Investment Advisers Act of 1940, to furnish each client and prospective client with a written disclosure statement containing at least the information required by Schedule H of Form ADV.

### **II) Wrap Fee Program Overview:**

Wrap Fee arrangements have become more popular. Under a wrap fee, the client usually pays a single fee, typically up to 3% of assets under management for investment advisory, brokerage, and other services including custody and performance review. The services provided under the du Pasquier Asset Management Wrap Fee Program includes but are not limited to: private investment goal and guideline consultation with an Investment Manager, professional investment management of client’s accounts, distribution of quarterly account statements, performance, investment and reinvestment review, payment of asset management fees.

Clients are cautioned that depending on the level of fees charged by the executing Broker-Dealer, and the amount of portfolio activity in the client’s account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

### **III) Investment or Brokerage Discretion:**

Upon entering into a Wrap Fee account arrangement with du Pasquier Asset Management, clients are free to designate any Broker-Dealer for executing securities transactions, including continuation of a previous Broker-Dealer relationship. Clients can also elect to designate du Pasquier & Co. as their executing Broker-Dealer. Payments to the Broker-Dealer for its execution services will be accomplished via the Wrap Fee charges to the account.

Security trades for accounts that are managed under a Wrap Fee Program are recorded as “Net Trades,” – trades without a commission or markup/markdown, as a portion of the wrap fee is considered to be in lieu of commissions and markups/markdowns.

### **IV) Investment Process and Strategies:**

du Pasquier Asset Management, a Registered Investment Adviser, provides comprehensive investment management services to individuals, corporations, and pension fund clients. The du Pasquier Asset Management investment approach integrates a strong bias towards companies with a long-term history of superior performance and a proprietary software system that optimizes and quantifies specific risk parameters and return objectives. The two approaches tend to compliment one another through a variety of economic environments. The following outlines the process and also explains the uniqueness of our asset management program.

du Pasquier Asset Management Investment Process & Strategies Consists of Five Steps:

- Determine Client Investment Goals
- Asset Allocation
- Optimization
- Senior Management Team
- Portfolio Review

Determine Client Investment Goals:

In this first step the client submits investment objectives and guidelines from which the portfolio will be managed. From this information, intermediate and long term objectives are established. Additionally, the client’s risk tolerance with respect to volatility, loss and other criteria are determined and calculated. Subsequent to this comprehensive review, the benchmarks, or yardsticks, from which the portfolio and Manager will be measured are agreed upon in advance. The du Pasquier Asset Management program also makes available to the client a variety of other measurements to evaluate the portfolio’s long-term success.

Asset Allocation:

A client’s portfolio performance is, for the most part, predicated on how the capital is allocated. Asset groups include large-, small- and mid-cap stocks, bonds, money markets and other investment alternatives. This second step identifies those asset

groups and industry sectors that have low or negative correlation yet are consistent with the client objectives. Asset groups that tend to move in opposite directions through a variety of economic cycles can often reduce risk without adversely affecting return or in fact, can improve return while maintaining the same level of risk.

Investment performance will typically be compared to recognizable industry index such as the S&P 500 or the Barclays Capital Aggregate Bond Index. du Pasquier Asset Management works with each client at the time the account is opened to pre-select an index which will be used as the benchmark for the account.

#### Optimization:

du Pasquier Asset Management identifies the asset groups and industry sectors that are appropriate to the client's investment goals and objectives. A decision matrix is then crafted to reduce the alternatives to a suitable number. This matrix is distinctive to the client's portfolio and needs. It reflects the unique objectives of the portfolio's quantifiable risk tolerance and performance goals. The matrix indicates how groups have historically performed with respect to loss, return and volatility. From this matrix a correlation analysis can be derived that identifies which asset groups or sectors, when combined, would best compliment each other. For instance, too high a correlation tends to indicate a lack of balance in the risk profile of the portfolio. The asset groups are then mathematically optimized to determine the allocation necessary to best achieve the client's goals of return, volatility, loss and return per risk taken. The optimization virtually calculates all combinations available to determine the best asset allocation.

#### Senior Management Team:

The client objectives along with the results of the decision matrix and optimization are then submitted to our Senior Management Team. This committee is a team of du Pasquier Asset Management senior management with significant investment experience who operate in an unencumbered environment.

The team screens domestic corporations based on quantifiable measurements that compare fundamental and intrinsic value analysis. With this strong growth bias, du Pasquier Asset Management evaluates public companies with the same discipline one would evaluate private companies. To find stocks du Pasquier Asset Management begins by analyzing the entire business as a potential acquisition. Typical sources of information include: company reports, SEC filings, computer databases, newspaper/magazine articles and analysts' reports. Information is used to focus on earnings, book value, cash flow, capital structure and industry. Once a company is given an estimates value, du Pasquier Asset Management compares the calculated value to the price of the stock.

As Investment Managers, the Senior Management Team combines in-depth domestic and international economic research with comprehensive and diligent analysis of individual companies. du Pasquier Asset Management carefully evaluates each investment opportunity for such characteristics as a strong balance sheet, above average return on equity, long-term profitability with good prospects, prices below intrinsic value, superior management and sound products and services. This approach, which is closely monitored by the Senior Management Team, has achieved significant capital growth during market expansion, and preservation of wealth during periods of market weakness.

The Senior Management Team meets weekly to review the asset allocation, portfolio performance and general economic outlook.

du Pasquier Asset Management employs a number of investment strategies in connection with its wrap fee and other investment advisory services, depending upon the type of client involved, the product chosen and the objective selected by the client. These strategies may involve long- and short-term investments and covered option writing, but may also include in special circumstances short-term trading, short sales, margin transactions and other hedging techniques.

#### Portfolio Review:

The last step of the du Pasquier Asset Management process, portfolio review, is perhaps the most important. The system provides the portfolio with a unique summary that helps determine whether the many assumptions that have been made in the process are correct. When inconsistencies are detected in the historic summary this is viewed as a warning signal. That warning signal prompts a re-evaluation of market conditions and economic cycles and other assumptions so a quick adjustment to the program can be activated prior to incurring adverse affect on return.

#### “Look Back” Analysis:

An effective asset management program must do more than record and display past performance history. It must try to determine how this history might project to future markets. The “look back” analysis helps bridge this gap.

du Pasquier Asset Management Senior Management establishes a consensus on what the economy in general will be over the next twelve to thirty-six months. Once agreed upon, it looks back to find an economic environment similar to what is expected in the future. du Pasquier Asset Management’s proprietary system then allows full credit to be given to the asset group that performed well in that environment and less credit for performance that may not be significant in the future. The combination of computer analysis and the more subjective market experience is a good check and balance from which the customer can only benefit.

Investment Managers employed by du Pasquier Asset Management are selected based on several factors which include but are not limited to: education, industry experience and investment performance.

#### **V) Conditions for Managing Accounts:**

The minimum market value to establish an account is typically \$250,000. At the discretion of the firm, exceptions to the minimum amount to open an account are made. Wrap Fee Program fees may be negotiable based on individual client circumstances.

#### **VI) Review of Portfolio Accounts:**

Wrap Fee Program accounts managed by du Pasquier Asset Management are reviewed each month by the client's Investment Manager who ensures the account is properly aligned with the guidelines established by the client. Accounts which du Pasquier Asset Management acts as the sponsor, will be reviewed each month by the Investment Manager.

The Chief Compliance Officer or Designee of du Pasquier Asset Management is responsible for reviewing all daily account transactions for Wrap Fee Program accounts managed by du Pasquier Asset Management. du Pasquier Asset Management believes these measures work towards ensuring the integrity of the account statements being sent to our clients.

Formal portfolio appraisals are sent to clients quarterly. These reports identify securities, unit cost, total cost, market price and market value. Quarterly reports also summarize the account's overall performance and compare it to a pre-determined benchmark index. This comparison analysis is used to trace the progress of the portfolio's performance since inception. Clients also receive monthly custodian statements which detail the activity and positions held during the month.

Investment Managers will typically complete an account evaluation questionnaire for each newly opened managed account. Answers are formed through in-depth conversations with clients. Questions are specific and relate to such items as Annual Income, Net Worth, Need for Withdrawals, Portfolio Strategy, Portfolio Objectives, Risk Tolerance, Performance Horizon, Income Requirements, Dividend Requirements and Preferences to Maturities. du Pasquier Asset Management requests that the Investment Manager review the questionnaire annually and confirm with the client that there are no changes in the client's investment objectives or financial circumstances so as to ensure continued understanding of the client's investment objectives.

du Pasquier Asset Management promotes open lines of communication between the Investment Manager and our clients, encouraging the Investment Manager's attempt to remain available to discuss investment philosophy, objectives and to answer client questions.

Descriptive profiles of Investment Managers in the Program, including past performance information, will be made available by du Pasquier Asset Management. While believed accurate, the descriptive information contained therein has not been independently verified and is not guaranteed. Also, any past performance information supplied by the Investment Manager and contained in the profile has not been reviewed by du Pasquier Asset Management, nor is there any assurance that such performance information is calculated on a uniform or consistent basis. Once Investment Managers join the program, du Pasquier Asset Management, calculates the Investment Managers' composite performance for all accounts based on standards drawn from industry sources. Performance is currently calculated by taking into account at least the following items: a time-weighted rate of return; cash flows into and out of the accounts; monthly valuations; and income accrued on fixed income securities. du Pasquier Asset Management does not assume responsibility for the client's choice of DPAM Investment Manager or Independent Investment Manager or the Manager's performance, compliance with applicable laws or regulations, or other matters within the Manager's control.

Investment Managers are selected after a profile interview is completed with the prospective client. An Investment Manager is selected whose discipline style and manner is most compatible with the client's risk/reward performance. An Investment Manager review is performed annually. If the client is dissatisfied with that Investment Manager for any reason, it is recommended that he might be replaced.

Circumstances under which an Investment Manager might be terminated or removed from the DPAM Program include (but are not limited to) poor performance, significant departure from the Manager's stated investment discipline, or material changes in the organization. Similarly, du Pasquier Asset Management may, as an alternative, recommend changing Managers for any of the foregoing or other reasons, such as client's dissatisfaction.

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## **VII) Education Standards and Business Background:**

Below is the detailed education and business experience of du Pasquier Asset Management Senior Management and Principal Officers:

### General Education and Business Standards:

du Pasquier Asset Management generally prefers a minimum standard of experience of at least a four year college degree with a concentration in either Finance or Accounting or Equivalent Investment or Financial Experience.

du Pasquier Asset Management also requires all registered Investment Adviser Representatives employed as an Investment Manager to become licensed under the Uniform Investment Adviser State Law as required.

### Education and Business Experience:

Below is the detailed education and business experience of the Investment Managers for du Pasquier Asset Management.

**Scotty C. George** – Date of Birth: August 13, 1951

Education: Graduated University of Florida 1974 with a BA in Economics Sociology.

Mr. George joined du Pasquier Asset Management in January 2003. Prior, Mr. George was Chairman and Chief Investment Strategist of Corinthian Partners Asset Management, L.L.C. and was Chief Investment Strategist at Laidlaw Holdings Asset Management a global investment banking firm headquartered in New York City. Mr. George has been a Vice President of Asset Management at E. F. Hutton and later PaineWebber. Mr. George has been employed in the Securities and Investment Advisory business continuously since January 1982.

**Thomas H. Core** – Date of Birth: June 3, 1937

Education: B.A. Business Administration, honor bestowed 1962, Franklin and Marshall College.

Tom Core is an Asset Manager with du Pasquier Asset Management (DPAM). Mr. Core joined du Pasquier & Co. Inc. in July of 1992. Prior to joining du Pasquier, Mr. Core was a partner at Moore & Schley, Cameron & Co. from 1975 until 1989. Mr. Core started in the securities industry in 1965 with Merrill Lynch and has been employed in the securities and Investment Advisory business continuously since that time.

**Richard Wilson** – Date of Birth: July 25, 1963

Education: BS Marine Engineering, 1985, Massachusetts Maritime Academy

Richard is an advisor for du Pasquier Asset Management. Richard provides customized investment portfolios for individual clients, manages US family trusts, and retirement accounts. He previously managed investment portfolios for high net worth individuals at Prudential Bache Securities. Prior to that, Richard advised European institutional investors on US small cap and mid cap equities for Value Investing Partners, Paris. Richard has been employed in the securities and Investment Advisory business continuously since January 1993.

**Roger Cruise** – Date of Birth: June 4, 1940

Education: Bachelor of Chemical Engineering, Master of Business Administration-Columbia University

Roger has been an Investment Adviser with du Pasquier Asset Management ("DPAM") since 2009. Before joining DPAM, he founded France Capital in Paris in 1984, and served as president until his departure in 2009. Prior to forming France Capital, Roger worked as a security analyst at Banque de Neuflyze (1973-1983) and F. Eberstadt & Co. (1968-1972). He is a Chartered Financial Analyst ("CFA"), and a Charter Member of the International Society of Security Analysts. Roger is a past president of the Association of Americans Resident Overseas ("AARO").

**Dorothy M. Moran** – Date of Birth: April 26, 1929

Education: No formal education after high school.

Mrs. Moran has been President of du Pasquier & Co. since 1989. She is an owner of DPAM and does not manage any DPAM client assets.

**Christopher J. Moran** – Date of Birth: September 4, 1960

Education: Graduated Vassar College 1982 BA Political Science

Mr. Moran has been Vice President of du Pasquier & Co. since 1989. He is an owner of DPAM and does not manage any DPAM client assets.



### **VIII) Other Financial Affiliations-Broker/Dealer:**

In addition to du Pasquier Asset Management being a Registered Investment Adviser with the Securities and Exchange Commission, du Pasquier & Co. is a full service registered Broker-Dealer, a Member of the NASD, offering Security Brokerage, Investment Banking and servicing Institutional and Individual Investors, with a clearing agreement with Fiserv Securities, Inc.

### **IX) Participation or Interest in Client Transactions:**

As a general matter, du Pasquier Asset Management recommends and considers it appropriate, particularly for its wrap fee programs, to use du Pasquier & Co. execution services for the purchase and sale of securities for all managed client accounts, unless there are restrictions such as customer designation or legal requirements to the contrary. du Pasquier Asset Management reserves the right, however, to utilize other broker-dealers which provide prompt and reliable execution at favorable security prices.

Riskless principal fixed-income transactions may be effected for some investment advisory clients after making appropriate disclosure and obtaining client consent. In accordance with the provisions of Section II (a) of the Securities Exchange Act of 1934, du Pasquier Asset Management and du Pasquier Co. may execute transactions on the floors of national or regional securities exchanges for managed client accounts where appropriate.

Transactions for advisory clients may be aggregated for execution purposes under appropriate circumstances. This practice will not ordinarily affect or otherwise reduce commissions or other costs charged to clients for such transactions. Aggregated securities transactions receive an average share price and may be allocated among advisory clients' accounts pro rata based on the size of the account, or some other equitable procedure adopted by the Investment Manager.

du Pasquier Asset Management and its affiliates may recommend securities in which they directly or indirectly have a financial interest including buying and selling securities for their own or other accounts. They may also give advice and take action in the performance of their duties to clients which may be similar to or may differ from advice given, or the timing and nature of action taken, with respect to other clients' accounts. Additionally, du Pasquier Asset Management and its affiliates, from time to time, may not be free to divulge or act upon certain information in their possession on behalf of investment advisory or other clients. In particular, it should be noted that Investment Managers may recommend or direct the purchase and sale of securities for advisory client accounts in a manner that differs from the recommendations or analyses of the du Pasquier research or trading departments.

### **X) WRAP PROGRAM FEES:**

Fees charged to clients who maintain a wrap fee account will typically be up to 3% of total assets managed. Additional expenses, i.e. SEC fees, trailing commissions,

annual IRA fees, wire funds transfer fees, postage and handling fees, are not covered under a Wrap Fee. Typically, du Pasquier Asset Management fee structure is:

**Equity and Balanced Accounts**

3.0% for first \$500,000

2.0% for next \$4,000,000

1.5% for assets over \$5,000,000

**Fixed Income Accounts**

1.25% for first \$500,000

1.1% for next \$500,000

1.0% for next \$4,000,000

0.8% for assets over \$5,000,000

du Pasquier Asset Management considers this a negotiable fee.

Clients who elect the du Pasquier Asset Management Wrap Fee Program utilizing the investment management services of an Independent Investment Manager are advised that the Independent Investment Manager will receive a portion of the fee paid to du Pasquier Asset Management for their investment management services, typically 50%.

Fees are calculated quarterly, based upon the market value of the portfolio. One fourth of the annual fee will be billed in advance and debited from the Client's account each quarter as authorized by the client (unless paying separately by check).

Clients participating in the du Pasquier Asset Management Wrap Fee Program may pay either more or less than a client might otherwise pay if purchasing the services separately. There are several factors which may determine whether such costs would be more or less, including but not limited to the following: size of the portfolio; types of investments made by the portfolio manager; the amount of trading effected by the Investment Manager; and the actual costs of such services if purchased separately.

Generally, trades involving the same security in multiple accounts, including accounts of employees of DPAM, or related persons, are "bunched" (aggregate block traded) and may be averaged priced. DPAM will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of DPAM's investment advisory agreement with each client for which trades are being aggregated.

In light of the services provided by du Pasquier Asset Management including research, supplemental advisory and client-related services which may be offered through Investment Managers, the wrap fees charged may exceed those of other Broker-Dealers and/or Investment Advisers. To the extent that fees charged are negotiable, they may differ from client to client based upon a number of factors, including, but not limited to, the type, nature and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplemental advisory and client-related services to be provided to the client. Moreover, fees, as well as other account requirements, may vary as a result of the application of prior policies depending upon customer account inception date. For more information regarding the above, contact your du Pasquier Asset Investment Manager.

All fees paid by DPAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of DPAM. In that case, the client would not receive the services provided by DPAM which are designed, among other things to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by DPAM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**XI) Payments to Financial Professionals:**

The primary basis on which du Pasquier Asset Management acquires new accounts is either through direct client relationships, client referrals or assignments. du Pasquier Asset Management employs several individuals whose principal duties and compensations are tied directly to the percentage of investment advisory fees they solicit for the firm. These agreements do not increase any costs to the client and have no impact on investment advisory fees. Representatives are required to comply with all pertinent SEC, state and federal laws for client referrals.

**XII) Withdrawal of Assets and Termination:**

Termination of the advisory contract may be completed by either party at any time, however du Pasquier Asset Management requires written notice from the client in order to terminate the account. Refunds of prepaid, unearned investment management fees will be prorated and refunded from the date the termination request is received.

**XIII) Proxy Policy Disclosure:**

As a matter of DPAM firm policy and practice, DPAM does not vote proxies on behalf of advisory clients. Our client advisory agreement provides that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities. DPAM may provide advisory clients with administrative assistance regarding proxy voting or issues but the clients have the responsibility to receive and vote any proxies.