

# *Goldberg Capital Management*

## FORM ADV PART 2A – DISCLOSURE BROCHURE

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*This disclosure brochure provides clients with information about the qualifications and business practices of Goldberg Capital Management, an independent investment advisory firm registered with the State of Connecticut. It also describes the services Goldberg Capital Management provides as well as background information on those individuals who provide investment advisory services on behalf of Goldberg Capital Management. Please contact Leonard Goldberg at 860-673-0141 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the State of Connecticut. Registration does not imply that Goldberg Capital Management or any individual providing investment advisory services on behalf of Goldberg Capital Management possess a certain level of skill or training. Additional information about Goldberg Capital Management is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Goldberg Capital Management is 126003.*

## **Item 2 – Material Changes**

This item discusses specific material changes to the Goldberg Capital Management disclosure brochure.

Pursuant to current state regulations, Goldberg Capital Management will ensure that clients receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year which occurs at the end of the calendar year. Goldberg Capital Management may further provide other ongoing disclosure information about material changes as necessary.

Goldberg Capital Management will also provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

There have been no material changes to this brochure since the date of its last annual update (February 1, 2012).

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## **Item 4 - Advisory Business**

### **A. The Company**

Leonard Goldberg d/b/a/ Goldberg Capital Management is a sole proprietorship that has been providing investment advisory services as a registered investment adviser since 2003. Throughout this disclosure brochure, the company is referred to as “Goldberg Capital Management”.

The principal owner of Goldberg Capital Management is Leonard L. Goldberg.

### **B. Advisory Services**

Goldberg Capital Management provides the following investment advisory services:

#### Investment Management Services

Investment Management Services includes, among other things, basic financial planning consisting of giving advice regarding asset allocation and the selection of investments. Goldberg Capital Management provides Investment Management Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Goldberg Capital Management prepares an Investment Policy (risk assessment, etc.) for each client and develops a client's personal investment policy and creates and manages a portfolio based on that policy. Each portfolio will be designed with the goal of meeting each client's individual needs. Account supervision is guided by the stated objectives of the client. Goldberg Capital Management will typically create a portfolio consisting of individual equities and fixed income (including cash). Goldberg Capital Management will allocate the client's assets among various investments in accordance with the investment objectives of the client.

Goldberg Capital Management will manage advisory accounts on a discretionary basis only. Clients will retain individual ownership of all securities.

#### Financial Consulting Services

If a client desires to obtain financial consulting apart from the basic planning services provided as part of investment management services, Goldberg Capital Management also provides Financial Consulting Services as a stand alone service. Goldberg Capital Management offers financial consulting to clients seeking assistance with goal setting, retirement planning, estate planning and investment analysis. Goldberg Capital Management does not consult on insurance planning.

### **C. Client Tailored Services and Client Imposed Restrictions**

Goldberg Capital Management's advisory services are tailored to meet the specific needs of each client. In order to provide appropriately individualized services, Goldberg Capital Management will work with the client to obtain information regarding the client's financial circumstances, investment objectives, risk profile and other information regarding the client's financial and investment needs.

Goldberg Capital Management will periodically review with clients their financial circumstances, investment objectives and risk profile. In order for Goldberg Capital

Management to provide effective advisory services, it is critical that clients provide accurate and complete information to Goldberg Capital Management and inform Goldberg Capital Management anytime such information needs to be updated or anytime there is a change in their financial circumstances, investment objectives and/or risk profile.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated if it is fundamentally inconsistent with Goldberg Capital Management's investment philosophy, runs counter to the client's stated investment objectives, or would prevent Goldberg Capital Management from properly servicing client accounts.

#### **D. Wrap Fee Programs**

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

#### **E. Assets Under Management**

As of December 31, 2012, the total amount of client assets managed by Goldberg Capital Management is approximately \$57,584,662.00. All of these assets are managed on a discretionary basis.

### **Item 5 - Fees And Compensation**

#### **A. Advisory Fees**

##### Investment Management Fees

The annual fee for Investment Management Services will be charged as a percentage of assets under management according to the following schedule:

<b>Assets Under Management</b>	<b>Maximum Annual Fee (%)</b>
First \$2,000,000	1.15%
Next \$1,000,000	1.00%
Balance	0.90%

Clients will be billed in advance at the beginning of each quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter.

If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was effective. Details of the investment management fee charged are more fully described in the advisory agreement entered into with each client.

### Financial Planning Fees

Financial Consulting Services fees will be charged on an hourly basis calculated at a rate of \$250 per hour. The length of time it will take to complete the advisory service will depend on the nature and complexity of the individual client's personal circumstances. An estimate for total hours will be determined at the start of the advisory relationship. Fees for Financial Consulting Services are due upon completion of the advisory service.

### **B. Payment Method**

Each quarter, Goldberg Capital Management will notify the client's qualified custodian of the amount of the fee due and payable to Goldberg Capital Management pursuant to the firm's fee schedule and advisory agreement. The qualified custodian will not validate or check Goldberg Capital Management's fees, its corresponding calculation or the assets on which the fee is based unless the client has retained their services to do so. With the client's pre-approval, the qualified custodian will "deduct" the fee from the client's account or, if the client has more than one account, from the account the client has designated to pay Goldberg Capital Management's advisory fees.

Each month, the client will receive a statement directly from the qualified custodian showing all transactions, positions and credits/debits into or from the client's account. Statements sent after quarter end will also reflect the advisory fee paid by the client to Goldberg Capital Management.

### **C. Additional Fees and Expenses**

#### Mutual Fund Fees

As a general rule, Goldberg Capital Management does not purchase mutual funds or exchange traded funds for client accounts.

#### Trading and Other Costs

All fees paid to Goldberg Capital Management for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 11 of this disclosure brochure for additional information on brokerage and other transaction costs.

### **D. Termination and Refunds**

A client agreement may be canceled at any time, by either party, for any reason upon written notice to the other party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

### **E. Important Additional Information**

#### Fee Only

Goldberg Capital Management is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance

products or any other investment products). Goldberg Capital Management is not affiliated with entities that sell financial products or securities. No finder's fees are accepted by Goldberg Capital Management.

#### Fees Negotiable

Goldberg Capital Management retains the right to modify fees, including minimum annual fees, in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided. In addition, Goldberg Capital Management reserves the right to aggregate client accounts for calculation of fee purposes.

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

Goldberg Capital Management does not accept performance-based fees or engage in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Goldberg Capital Management's fees are calculated as described above in Item 5 - Fees and Compensation - and are not charged on the basis of a share of the capital gains upon, or capital appreciation of, the funds in a client's account.

### **Item 7 - Types of Clients**

Goldberg Capital Management may provide investment advisory services to individuals (including high net worth individuals), trusts, estates and charitable organizations.

### **Engaging the Services of Goldberg Capital Management**

All clients wishing to engage Goldberg Capital Management for investment advisory services must first complete the applicable investment advisory agreement as well as any other document or questionnaire provided by Goldberg Capital Management. The investment advisory agreement describes the services and responsibilities of Goldberg Capital Management to the client. It also outlines Goldberg Capital Management's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of all these documents, Goldberg Capital Management will be considered engaged by the client. Clients are responsible for ensuring that Goldberg Capital Management is informed in a timely manner of changes in their investment objectives and risk tolerance.

### **Conditions for Managing Accounts**

#### Investment Management Services

Goldberg Capital Management requires new clients have a minimum account of \$1,500,000 for Investment Management Services, provided, however, that Goldberg Capital Management retains the right to reduce or waive this minimum account size.

#### Financial Consulting Services

There is no minimum annual fee requirement for Financial Consulting Services.

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

### **Investment Philosophy**

Goldberg Capital Management invests primarily in individual equities with a particular emphasis on “micro cap” companies. Goldberg Capital Management believes that “micro cap” companies are often overlooked investments due to their perceived increased level of risk.

Based on the level of risk, Goldberg Capital Management may elect to not place certain “micro cap” companies in particular accounts. Risk, however, is often managed by the overall number of shares purchased in a client’s account. For example, if Goldberg Capital Management believes that there is a large potential for gain in a particular “small cap” or “micro cap” equity, it may put a certain amount of that equity in even a “risk averse” account, provided that the overall amount of that equity is a small percentage of the account’s total value. In other words, the risk is often managed by the dollar size of the investment and not the particular investment itself. This will allow all clients to participate on the potential upside of an investment.

Please see risk disclosures associated with investing in “micro cap” companies set forth below.

Clients that are interested in investing with Goldberg Capital Management should also be comfortable with having a portion of their portfolio invested in emerging companies. Clients should be aware, however, that since Goldberg Capital Management is often an early entrant, it may often take a while for such investments to reach their full potential. Accordingly, clients must be extremely patient to invest with Goldberg Capital Management.

### **A. Methods of Analysis and Investment Strategies**

#### Methods of Analysis

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

Technical analysis is also important, but fundamental research is paramount.

#### Investment Strategies

Goldberg Capital Management may utilize different investment strategies, based upon the needs of the client, including long-term purchases. Therefore, no two clients accounts are alike due to such variable factors as when Goldberg Capital Management started managing the account, the client’s specific risk tolerance, available cash and need for liquidity.

#### Types of Investments

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. New investments will typically be limited to domestic and foreign



equity securities, corporate debt securities, certificates of deposit, and United States government securities.

### Sources of Information

In conducting security analysis, Goldberg Capital Management may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases. In addition, Leonard Goldberg, Principal of Goldberg Capital Management, will often meet with company management of smaller companies (e.g., micro cap companies).

### Investing Involves Risk

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

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

more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

- *Emerging Markets Risk.* Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- *Currency Risk.* Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Derivatives Risk.* Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.
- *Capitalization Risk.* Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- *Liquidity Risk.* Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing Goldberg Capital Management from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.
- *Issuer Specific Risk.* The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Concentrated Portfolios Risk.* Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic prices swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.
- *Legal or Legislative Risk.* Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

## **B. Risks Associated with Investment Strategies and Methods of Analysis**

### Investing in Companies with Small or Micro Market Capitalization

“Small cap” or “micro cap” companies often have narrower markets and limited financial resources, so investments in these stocks present significantly more risk than investments in those of larger, more established companies. Therefore, investment in “small cap” and/or “micro cap” companies is not suitable for anyone who is not prepared for this higher level of risk, the possible need to hold on to the securities for an extended period of time, as well as the possibility of a total loss of their entire investment.

### Risk Associated with Methods of Analysis

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

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

### Fundamental Analysis

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

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

### Technical Analysis

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

## **C. Risks Associated with Specific Securities Utilized**

### Common Stocks

The major risks associated with investing in common stocks relate to the issuer’s capitalization, quality of the issuer’s management, quality and cost of the issuer’s services, the issuer’s ability to manage costs, efficiencies in the manufacturing or service delivery

process, management of litigation risk and the issuer's ability to create shareholder value (e.g., increase the value of the company's stock price).

### Preferred Stocks

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

### Convertible Stocks

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

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

### Fixed-Income Securities

Different forms of fixed-income instruments, such as bonds, money market funds, and certificates of deposit may be affected by various forms of risk, including:

- *Interest Rate Risk.* The risk that the value of the fixed-income holding will decrease because of an increase in interest rates.
- *Liquidity Risk.* The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed-income securities are generally liquid (e.g., corporate bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also the risk of not being able to purchase a particular issue at the desired price.
- *Credit Risk.* The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments.
- *Reinvestment Risk.* With declining interest rates, investors may have to reinvest income or principal at a lower rate.

- *Duration Risk.* Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

**Note that there may be other circumstances not described here that could adversely affect a client's investment and prevent their portfolio from reaching its objective.**

#### **D. Cash Management**

Goldberg Capital Management considers cash as part of its investment strategy as Goldberg Capital Management prefers to have cash on hand to take advantage of an opportunity (as opposed to having to liquidate a position). Clients may indicate to Goldberg Capital Management that they would rather have a greater or smaller cash balance in their account depending on the current investing environment.

Typically, several cash equivalent investment options (e.g., money market mutual funds, bank deposit accounts) will be offered by the custodian selected by the client. Goldberg Capital Management will select the most appropriate cash equivalent investment option based on the client's preference for liquidity, return, tax avoidance and convenience.

#### **Item 9 - Disciplinary History**

Goldberg Capital Management is required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of the firm's advisory business or the integrity of Goldberg Capital Management's management. Goldberg Capital Management has never been disciplined by a regulatory agency.

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

##### **A. Broker-Dealer Registration and Registered Representatives**

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

##### **B. Futures and Commodity Registration**

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

##### **C. Financial Industry Affiliations**

Neither Goldberg Capital Management nor any of its supervised persons engage in any other financial industry activities or have any other financial industry affiliations.

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

### **Code of Ethics**

Goldberg Capital Management has adopted a Code of Ethics to prevent violations of federal and state securities laws. The Code of Ethics is predicated on the principle that Goldberg Capital Management and its employees owe a fiduciary duty to its clients. Accordingly, Goldberg Capital Management expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. Goldberg Capital Management and its employees are required to adhere to the Code of Ethics. At all times, Goldberg Capital Management and its employees must (i) place client interests ahead of Goldberg Capital Management's; (ii) engage in personal investing that is in full compliance with Goldberg Capital Management's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Goldberg Capital Management's Code of Ethics by contacting Leonard L. Goldberg, the principal of Goldberg Capital Management, at (860) 673-0141.

### **Participation or Interest in Client Transactions**

Goldberg Capital Management eats what it cooks.

Accordingly, Goldberg Capital Management or individuals associated with Goldberg Capital Management may buy or sell securities identical to those recommended to customers for their personal accounts. Goldberg Capital Management makes every attempt to get clients similar or a better price on the purchase or sale of an investment as compared to related accounts. This often requires buying or selling for the clients first or buying in lockstep with clients.

The risk tolerance of Goldberg Capital Management related accounts is significantly greater than any of Goldberg Capital Management's client accounts. This is evidenced by the year over year growth/decline of the related accounts. The level of volatility experienced by Goldberg Capital Management related accounts would not be appropriate for client accounts. Consequently, the trading pattern of Goldberg Capital Management related accounts may differ from that of client accounts. For example, if Goldberg Capital Management believes an investment may be too risky for clients, Goldberg Capital Management might purchase it for related accounts first. If, after time, the investment becomes suitable for client accounts; a decision will then be made as to whether the investment should be placed in client accounts.

When a position is sold, client shares will typically be sold first when the entire position cannot be sold in a trading day. Goldberg Capital Management related accounts will typically be the last to be sold; provided, however, that shares in Goldberg Capital Management related accounts may be sold prior to client shares when the Goldberg Capital Management related accounts have a large position in a security and some reduction is prudent.

## **Item 12 - Brokerage Practices**

### **A. Broker Selection**

#### Best Execution

Best execution has been defined as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

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’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Goldberg Capital Management will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### Broker Analysis

Goldberg Capital Management evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Goldberg Capital Management.

Also in consideration is such broker-dealers’ provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by “soft dollars”, as further discussed in the “Research/Soft Dollars Benefits” section immediately below). Accordingly, if Goldberg Capital Management determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Leonard L. Goldberg, Principal of Goldberg Capital Management, is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Goldberg Capital Management periodically reviews its transaction costs in light of current market circumstances and other relevant information.

#### Research/Soft Dollar Benefits

Goldberg Capital Management uses Charles Schwab & Co.’s, Schwab Institutional (Schwab Institutional) service. There is no direct link between Goldberg Capital Management’s use of Schwab Institutional and the investment advice it gives to its clients, although Goldberg Capital Management receives economic benefits through its participation in the program that are typically not available to Schwab Institutional retail investors.

As a user Schwab Institutional, Schwab makes available to Goldberg Capital Management other products and services that benefit Goldberg Capital Management, but may not benefit its clients' accounts. Some of these other products and services assist Goldberg Capital Management in managing and administering clients' accounts, including:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk serving Schwab Institutional participants exclusively;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Ability to have investment advisory fees deducted directly from client account;
- Access to an electronic communication network for client order entry and account information;
- Receipt of compliance publications; and
- Access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

Schwab Institutional also makes available to Goldberg Capital Management other services intended to help Goldberg Capital Management 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 Institutional may make available, arrange and/or pay for these types of services rendered to Goldberg Capital Management by independent third parties.

Additional benefits received because of Goldberg Capital Management's use of Schwab Institutional may depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. Goldberg Capital Management is required to maintain a minimum level of client assets with Schwab Institutional to avoid a quarterly service fee. While as a fiduciary Goldberg Capital Management endeavors to act in its clients' best interests, Goldberg Capital Management's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Goldberg Capital Management of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by Schwab which may create a conflict of interest.

### **Directed Brokerage**

#### Goldberg Capital Management Directed Brokerage

For those client's wherein Goldberg Capital Management has the discretion to select the broker-dealer to be used, Goldberg Capital Management will use Charles Schwab & Co., Inc. Institutional Services Group ("Schwab"). In addition, for those clients wherein Goldberg Capital Management does not have discretion to select the broker-dealer to be used, but such clients are in need of brokerage services, Goldberg Capital Management will recommend the use of Schwab.

While there is no direct linkage between the investment advice given and usage of Schwab, economic benefits are received which would not be received if Goldberg Capital Management



did not give investment advice to clients (please see additional disclosures in the “Research/Soft Dollars Benefits” section directly above). Goldberg Capital Management does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. Goldberg Capital Management is required to disclose that by directing brokerage, Goldberg Capital Management may not be able to achieve most favorable execution of client transactions and this practice may cost clients more money.

#### Client Directed Brokerage

Goldberg Capital Management does not allow clients to direct brokerage.

#### Prime Brokerage Accounts

Goldberg Capital Management maintains prime brokerage accounts with those brokers who are able to both provide Goldberg Capital Management with access to certain small cap securities and effect the best execution of a given order. Goldberg Capital Management believes that these brokerage firms often are able to provide superior execution since they make a market and/or are familiar with the trading patterns of those securities.

Successfully managing these prime-brokerage relationships is instrumental in achieving overall lower execution costs. Goldberg Capital Management and its clients benefit from these strong relationships in different ways. The brokers used will continuously “show” Goldberg Capital Management the active level of interest in securities held by Goldberg Capital Management’s clients in hopes of facilitating a natural trade whereby the broker represents both the buyer and seller and, as a result, offer lower transaction costs.

Generally, trades for advisory clients that are directed to a particular broker-dealer “away” from the custodian are of a greater size, due to the added \$25 charge which is imposed by Schwab Institutional for prime broker away-trades. Commissions may be lower for trades executed “away” because Goldberg Capital Management is often able to specify a lower cost per share. Commission charges may be more flexible with larger share quantities when traded away from Schwab Institutional.

### **B. Trade Aggregation/Allocation**

When purchasing or selling stocks, Goldberg Capital Management is very patient in executing block trades to save clients money.

#### Investment Management Services

It is the objective of Goldberg Capital Management to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients’ accounts with substantially similar investment objectives and policies, Goldberg Capital Management may often seek to purchase or sell a particular security in each account.

Goldberg Capital Management will aggregate orders only when such aggregation is consistent with Goldberg Capital Management’s duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over

any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata.

#### Financial Consulting Services

Goldberg Capital Management's Financial Consulting Services practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Goldberg Capital Management may recommend any one of several brokers. Goldberg Capital Management's clients must independently evaluate these brokers before opening an account. The factors considered by Goldberg Capital Management when making this recommendation are set forth above. Goldberg Capital Management's financial consulting clients may use any broker or dealer of their choice.

#### **C. Trade Errors**

Goldberg Capital Management attempts to execute all transactions in a timely and accurate manner; however, errors do occur. When errors occur, Goldberg Capital Management corrects the error and credits the client's account in an amount equal to the value of the error. The value of the error is determined by comparing the actual trade execution price to the price that would have applied if the trade had been executed correctly.

### **Item 13 - Review Of Accounts**

#### **Investment Management Services**

##### Reviews

Investment Management accounts are reviewed weekly. Review may occur more often if there is a change in client's situation, financial objective, or any other material factors. Investments within an account are reviewed on a continuous basis.

The person reviewing the accounts is Leonard L. Goldberg, Principal of Goldberg Capital Management.

##### Reports

Investment Management clients receive quarterly reports via Excel spreadsheet providing a list of investments, amounts of original investment, current value of investment, rate of return information and amount of management fees. The quarterly report reflects all activities within a client's account for a calendar year and demonstrates how well the account is doing for the year and since inception. As a result, a client of Goldberg Capital Management will always know how much their account has gained or lost since inception. Performance is reported on a "net after fees" basis so that the client knows their net return on investment. Account statements are provided monthly to clients by the custodian (Charles Schwab & Co., Inc.). The custodian's statements are aligned dollar for dollar with the client's excel spreadsheet.

In addition, Goldberg Capital Management distributes a quarterly “newsletter” that discusses the current market environment, investment philosophy as well as other relevant issues.

### **Financial Consulting Services**

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

## **Item 14 - Client Referrals And Other Compensation**

### **A. Economic Benefits**

Goldberg Capital Management does not receive any economic benefits such as sales awards or other prizes from any non-client for providing investment advisory services to the firm’s clients.

### **B. Client Referrals**

Goldberg Capital Management does not compensate any person for client referrals.

## **Item 15 - Custody**

Custody of client assets will be maintained with the independent custodian selected by the client. Goldberg Capital Management will not have physical custody of any assets in the client’s account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Goldberg Capital Management to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client’s account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client’s account during the period covered by the account statement, and the funds, securities and other property in the client’s account at the end of the period. *Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by Goldberg Capital Management.*

## **Item 16 - Investment Discretion**

For those client accounts over which Goldberg Capital Management has discretion, Goldberg Capital Management requests that it be provided with written authority (e.g., limited power of attorney contained in Goldberg Capital Management’s Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

Goldberg Capital Management generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are

effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. Goldberg Capital Management's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Goldberg Capital Management and the client.

## **Item 17 - Voting Client Securities**

### **Proxy Voting**

Goldberg Capital Management will never vote proxies on behalf of its clients. Therefore, although Goldberg Capital Management may provide investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility 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 proceeding or other type events pertaining to the client's investment assets. Goldberg Capital Management and/or the client shall correspondingly instruct (via the account application) each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact Leonard L. Goldberg, the principal of Goldberg Capital Management, at (860) 673-0141 if they have questions regarding a particular solicitation.

### **Class Action Settlements**

Although Goldberg Capital Management may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

It is the direct responsibility to act on any corporate action.

## **Item 18 - Financial Information**

### **A. Prepayment of Fees**

Because Goldberg Capital Management does not require or accept prepayment of more than \$500 in fees six months or more in advance, Goldberg Capital Management is not required include a balance sheet with this disclosure brochure.

### **B. Financial Condition**

Goldberg Capital Management does not have any adverse financial conditions to disclose.

### **C. Bankruptcy**

Goldberg Capital Management has never been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

### **Principal Executive Officer**

The principal executive officer of Goldberg Capital Management is Leonard Goldberg.

### **Education Background and Business Experience**

Advisory persons associated with Goldberg Capital Management must possess, minimally, a degree from an accredited college and a minimum of ten years relevant professional experience.

**Leonard L. Goldberg** (Born: 1954)

#### Education

University of Connecticut, Storrs, CT, BS, (1977)  
Loyola College, Baltimore, MD, MBA (1980)  
College of Financial Planning, CFP (1991-2010)

#### Employment History

Principal, Goldberg Capital Management (previously Leonard L. Goldberg CFP, MBA), Avon, CT (1993 to Present)

### **Disciplinary Information**

Mr. Goldberg has no legal or disciplinary events to report.

### **Other Business Activities**

Mr. Goldberg is not actively engaged in any investment-related business or occupation outside of Goldberg Capital Management. Mr. Goldberg is not engaged in any other business or occupation for compensation that provides a substantial source of his income or involves a substantial amount of his time.

### **Additional Compensation**

Mr. Goldberg does not receive any additional compensation for providing advisory services.

### **Performance-Based Fees**

Goldberg Capital Management does not receive performance-based fees.

### **Relationship with Issuers of Securities**

Neither Goldberg Capital Management nor any of its management persons have any relationship or arrangement with any issuer of securities.

## **Item 20 – Additional Information**

### **Privacy Notice**

Goldberg Capital Management views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Goldberg Capital Management does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Goldberg Capital Management may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Goldberg Capital Management restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Goldberg Capital Management. As emphasized above, it has always been and will always be Goldberg Capital Management's policy never to sell information about current or former clients or their accounts to anyone. It is also Goldberg Capital Management's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Goldberg Capital Management's Privacy Policy, please contact Leonard L. Goldberg, the principal of Goldberg Capital Management, at (860) 673-0141.

### **Requests for Additional Information**

Clients may contact contacting Leonard L. Goldberg, the principal of Goldberg Capital Management, at (860) 673-0141 to request additional information or submit a complaint. Written complaints should be sent to Goldberg Capital Management, 27 Stagecoach Road, Avon, CT 06001.