

# Wax Asset Management LLC

## Firm Brochure

*This brochure provides information about the qualifications and business practices of Wax Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at [REDACTED] or by email at: [REDACTED]. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Wax Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Wax Asset Management LLC's CRD number is: 157405*

45 Prospect Street  
Greenwich, Connecticut 06830

*Registration does not imply a certain level of skill or training.*

Version Date: 3/11/2013

## **Item 2: Material Changes**

Wax Asset Management LLC has no material changes to report since the previous Annual ADV Amendment filed on January 26, 2012.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Wax Asset Management LLC is a Limited Liability Company organized in the state of Connecticut in April 2011, and the principal owner is Evan H. Wax.

### B. Types of Advisory Services

Wax Asset Management LLC (hereinafter "WAM") offers the following services to advisory clients:

#### *Investment Supervisory Services*

WAM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. WAM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

WAM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. WAM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Services Limited to Specific Types of Investments*

WAM limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, and government securities. WAM may use other securities as well to help diversify a portfolio when applicable.

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

WAM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

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

WAM does not participate in any wrap fee programs.

#### **E. Amounts Under Management**

WAM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$2,500,000.00	\$0.00	12/31/2012

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$1,000,000	2.00%
Above \$1,000,000	1.00%

These fees are non-negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with ninety days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by WAM. Please see Item 12 of this brochure regarding broker/custodian.

### D. Prepayment of Fees

WAM collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither WAM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

WAM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

WAM generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

### ***Minimum Account Size***

There is an account minimum, \$50,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

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

#### ***Methods of Analysis***

WAM's methods of analysis include fundamental analysis and cyclical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

WAM uses long term trading, short term trading, short sales, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## B. Material Risks Involved

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold : 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

WAM primarily invests in U.S. listed equities, which is subject to all the risks that are inherent in stock market investing.

WAM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales and options writing which generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither WAM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither WAM nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither WAM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

WAM does not utilize nor select other advisors or third party managers. All assets are managed by WAM management.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available on request by any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

WAM does not recommend that clients buy or sell any security in which a related person to WAM has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of WAM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of WAM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. WAM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of WAM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of WAM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. WAM will always process clients' transactions before its own when similar securities are being bought or sold.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. WAM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. WAM receives a benefit because it does not have to pay for or produce the research services or products.

### ***1. Research and Other Soft-Dollar Benefits***

WAM receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that WAM must meet in order to receive free research from the custodian or broker/dealer. WAM receives a benefit because it does not have to pay for or produce the research, services, or products and therefore WAM might have an incentive to recommend a custodian based on its interest rather than their clients. The first consideration when recommending broker/dealers to clients is best execution.

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## **2. Brokerage for Client Referrals**

WAM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. Clients Directing Which Broker/Dealer/Custodian to Use**

WAM allows clients to direct brokerage. WAM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage WAM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

WAM maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Evan H. Wax, President. Evan H. Wax is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at WAM are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the clients account.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

WAM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to WAM clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

WAM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

WAM, with Client's written authority, has limited custody of client's assets through direct fee deduction of WAM's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at the Custodian. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. WAM does not provide account statements to clients in addition to those provided by the custodian.

## **Item 16: Investment Discretion**

For those clients' accounts where WAM provides ongoing supervision, the client has given WAM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides WAM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

WAM will accept voting authority for client securities in certain cases. When WAM does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. WAM does not maintain preapproved voting guidelines but relies on the investment committee to determine the appropriate course of action in voting client securities that is in the best interest of the client. Clients may direct WAM on how to vote client securities by communicating their wishes in writing or electronically to WAM. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of WAM may obtain the voting record of WAM on client securities by contacting WAM at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of WAM's proxy voting policies and procedures upon request.

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## **Item 18: Financial Information**

### **A. Balance Sheet**

WAM does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither WAM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

WAM has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

WAM currently has only one management person/executive officer; Evan H. Wax. Evan H. Wax's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Evan H. Wax's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

WAM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at WAM has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither WAM, nor its management persons, has any relationship or arrangement with issuers of securities.