



## Investment Adviser Information

Form ADV Part 2A  
Uniform Application for Investment Adviser  
Registration

**January 25, 2019**

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This brochure provides information about the qualifications and business practices of Stralem & Company Incorporated (subsequently referred to as "Stralem" throughout this document). If you have any questions about the information presented here, please contact Stralem by phone at (212) 888-8123 or by email at [compliance@stralem.com](mailto:compliance@stralem.com). Additional information about Stralem is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information provided here has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Stralem is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## 2 MATERIAL CHANGES

There are no material changes to the brochure from our last update on January 22, 2018.

# Investment Adviser Information

Form ADV Part 2A: Uniform Application for Investment Adviser Registration

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This part of Form ADV gives information about the investment adviser and its business for the use of clients.

This information has not been approved or verified by any government authority.

SEC File number 801-4175

**OMB Approval:**  
OMB Number: 3235-0049  
Expires August 31, 2020

## 4 ADVISORY BUSINESS

### Firm Overview

Stralem is an SEC-registered investment adviser founded in 1966. We are a privately owned asset management firm located in New York. The owners of the company with voting rights are Hirschel B. Abelson, Adam Abelson and Andrea Baumann Lustig. Those owners with voting rights, their family members and certain Stralem employees also hold non-voting interests in the company.

### Advisory Services Offered

#### Discretionary Advisory Services

Clients generally retain Stralem on a discretionary basis. When we are retained on a discretionary basis, we provide ongoing supervision and portfolio management of our clients' account(s) with the authority to direct the investments without prior consultation with the client. Authority to provide such services is provided by the Investment Advisory Agreement signed by Stralem and the client. Stralem has two types of discretionary accounts: Separately Managed Accounts (SMAs) and Wealth Management Accounts. We determine which securities to buy, hold or sell; the amount of such purchases and sales; the brokers or dealers through which transactions are executed; and the commission rates paid to carry out such transactions. As of December 31, 2018, we managed \$266,153,937 on a discretionary basis.

#### Non-Discretionary Advisory Services

Stralem is occasionally retained on a non-discretionary basis to provide investment recommendations to clients. Under this type of arrangement, clients make all investment decisions and may or may not authorize us to place orders for the execution of securities transactions for their account(s). Under such arrangements, we are not permitted to engage in any transactions without the client's prior approval. As of December 31, 2018, we managed \$25,678,329 on a non-discretionary basis.

#### Wealth Management Services

Discretionary clients who are invested in separately managed accounts and/or in Stralem Equity Fund, may choose to also receive asset allocation advice, including investment planning, rebalancing and other services tailored to their individual needs and investment objectives. As part of our Wealth Management service, our clients may also be invested in mutual funds not affiliated with Stralem. These services are provided for an annual administrative and servicing fee as described in Section 5: *Fees and Compensation*.

#### Sub-Advisory Services

Stralem may also provide investment advisory services to clients of unaffiliated investment managers under sub-advisory agreements where we would be paid either directly by the client or by the investment manager.

**Investment Minimums**

Minimums for opening an account are as follows:

**Separately Managed Accounts:** \$5,000,000

**Wealth Management Relationships:** \$1,000,000 across one or more accounts

Exceptions are made from time to time at the discretion of our Investment Committee.

These minimums do not apply to assets that Stralem manages as a sub-adviser. The investment manager engaging Stralem may have different investment minimums.

## 5 FEES AND COMPENSATION

### Separately Managed Accounts

Clients in separately managed accounts pay an annual investment advisory fee as follows:

- 0.80% on the first \$5 million
- 0.70% on the next \$20 million
- 0.50% on amounts over \$25 million

Generally, fees are calculated based on the average daily fair market value of the assets in the account during each calendar quarter and are billed and payable quarterly at the end of each calendar quarter. Accounts opened or closed during a calendar quarter will be charged a prorated fee. In certain circumstances, we will enter into agreements that provide for fees payable in advance and calculated based on the fair market value of the account as of the previous quarter or other methods requested by a client.

Accounts that require additional resources for administration, management and servicing may be charged an advisory fee of up to 1.25% per year. Our fees do not include brokerage commissions, transaction fees, custodial fees and other related costs and expenses that clients may incur. See Item 12 for a discussion of our brokerage and trading practices.

Fees may be negotiable at Stralem's discretion depending on certain factors, including the size and type of the account and the complexity and the extent of the services requested. Clients may have fee arrangements different from those outlined above, with fees that are higher or lower, depending on when the contract was entered into and the nature of the services provided.

Relatives of Stralem's employees may receive services without paying a fee.

**Wealth Management Services**

Clients who receive investment planning, asset allocation, rebalancing and other services are charged an annual administrative and servicing fee of 1.00% of assets in the Wealth Management relationship, or 1.5% if total assets in the relationship are below \$1 million.

This Wealth Management fee is in addition to any advisory fees that Stralem or another investment adviser may charge for separately managed account services. For clients who hold shares of mutual funds (including Stralem Equity Fund) as part of the Wealth Management relationship, the Wealth Management fee is in addition to any mutual fund fees and expenses. Mutual fund management fees and expenses are disclosed in each fund's prospectus.

Generally, fees are calculated based on the average daily fair market value of the assets in the account during each calendar quarter and are billed and payable quarterly at the end of each calendar quarter. Accounts opened or closed during a calendar quarter will be charged a prorated fee.

The Wealth Management fees may be negotiable at Stralem's discretion depending on certain factors, including the size and type of the account and the complexity and the extent of the services requested. Clients may have differing Wealth Management fee arrangements, with fees that are higher or lower, depending on when the contract was entered into and the nature of the services provided.

Relatives of Stralem's employees may receive Wealth Management services without paying an administrative fee.

**Termination of Contract and Refund of Prepaid Fees**

You may terminate your arrangement with Stralem at any time according to the terms of your contract. Should you have made an arrangement with Stralem in which you prepaid fees, you will receive a pro-rata refund of the unused portion of any advisory fees paid in advance.

**Referral Fees**

Certain Stralem employees who refer new clients may receive a percentage of the advisory fee that Stralem earns on such client accounts under the employee's compensation arrangement.

## 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Occasionally we offer a “fulcrum” fee arrangement to separately managed account clients that consists of a lower, fixed advisory fee plus a performance-based fee. Fulcrum fee arrangements may vary among clients. In compliance with the Investment Advisers Act of 1940 (Advisers Act), the fulcrum fee provides for compensation based on the amount by which a client’s account outperforms the S&P 500 Index or another suitable benchmark over specified time periods of one year or more (for instance, an average of eight trailing quarters). The portfolio value used to measure performance is based on the fair market value of the account on the last trading day of each month. Some fulcrum fee arrangements may also include a specified annual maximum combined fee. Fulcrum fee arrangements may result in a total annual fee that may be higher than our standard annual asset-based fee schedule. Because all separately managed accounts are invested according to a model portfolio, there is no incentive for us to favor higher-fee-paying clients in the allocation of investment opportunities.

## 7 TYPES OF CLIENTS

We offer investment advice and portfolio management services to individuals, foundations, pension and profit-sharing plans, trusts, charitable organizations, investment companies, other pooled investment vehicles, and other corporations or businesses.



## 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our singular focus is investment management, and our flagship product is the US Large Cap Equity Strategy™ (LCES). The investment objective of the LCES is to build long-term capital by delivering above-market returns with less risk during both up and down markets. The LCES is a long-only portfolio consisting of approximately 25 to 35 equity securities of large, high-quality U.S. companies and is fully invested at all times. It typically carries approximately 5% in cash. The strategy is based on a disciplined investment process that is fundamentally driven and quantitatively enhanced.

### Investment Philosophy

The LCES employs an investment philosophy that was developed more than a century ago and brought to the firm decades ago by one of our founding partners. The philosophy looks at market cycles, predicated on the belief that there are four types of market environments, not just the familiar two (Bull and Bear markets). In our view, there are *two* types of Bull markets and *two* types of Bear markets—each characterized by a momentum or valuation focus. Portfolio construction is based on purchasing a set of fundamentally solid growth companies along with a set of companies that deliver strong cash flow and adjusting the balance between these two groups to emphasize growth or preservation of capital, depending on where we are in the market cycle. By adapting portfolio construction to each of these four changing market environments, the philosophy seeks to deliver strong investment performance during both up and down markets with reduced volatility.

We manage risk by using a proprietary *Relative Growth Valuation Model*. At the individual stock level, the model provides a quantitative method for minimizing the risk of paying too much for growth and a hard-and-fast sell discipline that reduces the risk of holding on to a security too long. At the portfolio-construction level, the model provides a quantitative tool that helps in weighting the portfolio between *up* and *down markets* stocks and in balancing the categories of stocks within those sectors, thereby reducing the risk that the portfolio structure will not be right for the market environment.

### Investment Universe

The LCES invests in equity securities that have a market capitalization of \$4 billion or more and are included in the S&P 500 Index. The strategy is benchmark-aware but not benchmark-driven in its construction. However, the portfolio is most often benchmarked against the S&P 500.

**Portfolio Structure and Security Selection**

The LCES portfolio is structured into two sectors called *Up-Market Stocks* and *Down-Market Stocks*. Up-market stocks include those that Stralem views as fundamentally solid growth companies; down-market stocks include companies that have an exceptionally strong cash position as evidenced by a high dividend yield or a low price-to-cash flow. We believe that history has shown that these are the types of companies that respectively grow capital when the market is going up and preserve it when the market is going down.

Basic, fundamental balance sheet and income statement analysis is done on all investment candidates to identify well-managed companies that meet Stralem's criteria for investment. These criteria include such characteristics as consistent earnings growth, strong balance sheets, continued investment in research and development, and market leadership. In our analysis, we focus on identifying high-quality business models and the presence of what we deem to be critical success factors for competing in a particular industry. Once a security is deemed a purchase candidate, it is ultimately selected based on its fit within the portfolio's structural framework.

As part of our research process, members of our Investment Committee leave Wall Street and go "West of the Hudson" to visit companies, competitors, customers, suppliers and business leaders around the world. The purpose of these visits is to enhance our understanding of the competitive landscape and to identify investment themes that we would like to emphasize in the portfolio.

Our Investment Committee is responsible for portfolio construction and securities selection. Decisions are made on a committee basis, and every member of the Investment Committee has an equal say in every investment decision made. The portfolio has an average turnover ratio of approximately 20%; its typical holding period for a stock is approximately five years.

**Sources of Information**

We use Bloomberg, internet research, our "West of the Hudson" trips to visit companies, competitors, customers, suppliers and business leaders around the world, along with our proprietary risk-management model, to evaluate buy and sell candidates. We also receive access to Bloomberg in exchange for soft dollars, as described below.

**Risk of Loss**

Although we make every effort to preserve and grow capital, investing in the stock market involves risk of loss of principal that each client should be prepared to bear. Clients should understand that stocks generally fluctuate in value as a result of both company-specific developments and non-company specific factors and may decline significantly over short time periods. The value of a stock in which the LCES strategy invests, together with the strategy as whole, may decline due to general weakness in the stock market or because of factors impacting an entire industry. In addition, our strategy may not achieve its investment objective or we may not implement the strategy properly.

As part of our risk-monitoring efforts, we use our proprietary Relative Growth Valuation Model, described above, which helps us to manage risk on both an individual stock and sector level.

**Cybersecurity Risk**

Investment advisers, including Stralem, increasingly use technology to conduct their business activities and, as a result, can be seriously at risk to cyber attack. Cyber incidents may result from deliberate attacks or unintentional events. Cyber attacks include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as by causing denial-of-service attacks on websites or sabotage by an adviser's personnel. Cyber attacks may be carried out by third parties or insiders using techniques that range from highly sophisticated efforts to electronically circumvent network security or overwhelm websites to more-traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. The objectives of cyber attacks vary widely and may include theft of financial assets, intellectual property, or other sensitive information belonging to Stralem or its clients. Cyber attacks may also be directed at disrupting Stralem's operations or causing reputational damage and/or financial loss. A successful cyber attack may cause Stralem to incur substantial costs and suffer other negative consequences.

## 9 DISCIPLINARY INFORMATION

We have not been involved in any material legal or disciplinary events in the past 10 years, and none of our management staff has been involved in any legal or disciplinary events.

## 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Stralem & Company serves as the investment adviser to Stralem Equity Fund, a U.S. registered investment company and to The Stralem Fund (a UCITS IV fund registered in Luxembourg). Both funds are managed according to our LCES strategy described in Section 8.

Stralem receives management fees from each fund for its investment advisory services. In addition, Stralem receives a placement fee from the Luxembourg-domiciled fund for any investors that we refer to the fund. Two of our officers serve as directors of this fund.

Information about each fund, including investment objectives, risks, fees, expenses and any expense limitations, are described in each fund's prospectus.

## 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

### Code of Ethics

We have adopted a written Code of Ethics designed to prevent personal trading activities that might interfere or be in conflict with our clients' interests or our current investment strategy. Under the Code of Ethics, all of our employees must act in a manner consistent with the highest ethical standards and are required to avoid any action that might result in an actual or potential conflict of interest.

Employees who have access to non-public information about a client's purchase or sale of securities or who are involved in making securities recommendations to clients or have access to recommendations that are non-public must report their personal securities transactions to the firm on an annual and quarterly basis. These employees may occasionally wish to purchase or sell a security for their own account that is currently in the LCES portfolio or may be under research or consideration by our Investment Committee. Such securities are listed internally on what is known as Stralem's Restricted List. To avoid any conflict of interest, the Code of Ethics requires these employees to pre-clear transactions in a security on Stralem's Restricted List. Investments in limited offerings or Initial Public Offerings must also be pre-cleared. Requests for pre-clearance must be submitted to a designated member of the Investment Committee. The Chief Compliance Officer has access to electronic copies of the pre-clearance reports.

A copy of Stralem's Code of Ethics is available by request by calling us toll-free at (866) 455-1007 or sending an email to [compliance@stralem.com](mailto:compliance@stralem.com).

### Participation or Interest in Client Transactions

Stralem may recommend an investment in Stralem Equity Fund to our Wealth Management clients and will receive advisory fees from Stralem Equity Fund in addition to Wealth Management fees from the client. Our advisory fees are described in Stralem Equity Fund's prospectus.

## 12 BROKERAGE PRACTICES

A client's investment advisory agreement and/or account opening forms will either authorize Stralem to choose the broker-dealers for the client's brokerage transactions, or direct us to use a particular broker-dealer. (See discussion of Directed Brokerage below.) We will not choose broker-dealers without obtaining a client's specific authorization. When we are given brokerage discretion, it allows us to choose the broker-dealer with whom to effect the trades subject to best execution. As part of selecting broker-dealers for a client, Stralem is responsible for negotiating applicable commission rates, which may not be the lowest available but which will ordinarily not be higher than the generally prevailing competitive range. The current commission rate for Stralem's approved brokers is between \$0.0075 and \$0.00875 per share. If a client has a prior agreement with the selected broker-dealer, the client's agreed-upon commission rate will be used, which may be higher or lower than our commission rates.

### Best Execution

Stralem has no obligation to deal with any specific broker-dealer. Stralem typically trades through brokers who, in our analysis, are delivering the best execution of trades to our clients. The firm conducts a semi-annual Best Execution review and analysis of all brokers with whom we trade to monitor and evaluate their performance and to determine whether any brokerage relationships should be added or eliminated. In evaluating brokers through quantitative and qualitative analyses, we look for prompt execution of orders at prices that are most favorable under the circumstances. We consider a number of factors, including the overall direct net economic result to the client (including commissions) and the broker's trading expertise, execution and clearing capabilities; the financial strength, reputation and stability of the broker; and the efficiency with which the transaction is effected.

### Directed Brokerage

Clients may instruct us to use particular brokers or dealers. Where a client has instructed us to direct brokerage to a specific firm, we will execute transactions through the designated broker but we will not negotiate commission rates. Stralem's sole function will be to request that the broker-dealer execute the trade. It is up to the client to negotiate commission rates directly with that broker-dealer.

Directed brokerage clients should be aware of the fact that we execute directed brokerage trades after the discretionary trades have been completed. We cannot ensure best execution for directed trades. We rotate the sequence in which orders are communicated to the various client-directed broker-dealers on a random basis. Directed orders will generally not be aggregated with orders for our other clients. As a result, the trades may be executed at prices and commission rates that differ from those received by other clients for the same security.

When determining whether to instruct Stralem to use a particular broker or dealer on a directed basis, clients should evaluate the possible costs or disadvantages of the arrangement.

**Prime Brokerage Relationships**

Stralem has a “prime brokerage” relationship with Pershing LLC and with Pershing Advisor Solutions, LLC as introducing broker (collectively “Pershing”). Pershing provides custody at no extra charge to Stralem clients who choose Pershing as their custodian. We have agreed to maintain a minimum level of assets in custody with Pershing but have no contractual agreement with Pershing to direct commissions to them. Stralem does not receive any fees or other compensation from Pershing as a result of this relationship.

**Research and “Soft Dollars”**

Stralem may take into account the potential to receive research provided by a broker-dealer in choosing to execute trades through that broker. This research may include statistical and economic data or research reports on particular companies and industries that allow us to supplement our own research and analysis for the LCES. In so doing, Stralem is using client brokerage commissions to obtain research rather than directly paying for that research. Although this could present a conflict of interest by giving us an incentive to select a broker-dealer based on our interest in receiving research rather than your interest in receiving best execution, we mitigate this potential conflict by ensuring that all of our potential broker-dealers provide best execution.

Our use of brokerage for research is intended to comply with the requirements of the federal securities laws that provide a “safe harbor” for advisers who use commissions or transaction fees paid by clients to obtain investment research (known as “soft dollars”). Research that provides assistance to an adviser in performing its investment decision-making responsibilities falls within the safe harbor. When we use soft dollars, we make a good-faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided, but the price to you in any transaction may be less favorable than that available from another broker-dealer. The research obtained through soft dollars is used to benefit all of our clients, as all are invested in the same investment strategy.

### Aggregation and Allocation of Trades

Stralem may aggregate trades for two or more clients (a “bunched trade”) when we believe that it will result in a more favorable overall execution for the participating accounts. The trades will be allocated to participating client accounts at the average price obtained during that day.

Those trades that are not completed in a single day are referred to as partially filled orders. Client accounts are automatically selected on a random basis to be filled by Stralem’s order-management computer system at the end of each day. Stralem will then continue to trade additional aggregated orders to obtain shares for the remaining accounts not previously filled. Stralem believes that using this random computer methodology results in fair and equitable treatment for all managed accounts over time. In cases of extreme market conditions, Stralem may switch to pro-rata allocation of partially filled orders if it is in the best interest of the client.

For discretionary clients who request that any change to the portfolio be executed via model delivery, Stralem’s policy is to use a random-order rotation among model delivery clients and clients for whom Stralem has discretion to execute trades, so that each group has the same probability of being selected.

### Trade Errors

Stralem has the responsibility to effect orders correctly, promptly and in the best interest of its clients. In the event that an error occurs in the handling of a trade due to Stralem’s action or inaction, we will promptly identify and correct the error so as to remedy any disadvantage to the client or clients involved.



## 13 REVIEW OF ACCOUNTS

Stralem's Investment Committee reviews the investment strategy and holdings of the portfolio at regularly held meetings to determine whether any changes are required to the LCES model portfolio.

Using reports generated by our portfolio accounting system, all client portfolios are reviewed on a daily basis to ensure that they are in line with the LCES model. If it is determined that a client's portfolio requires rebalancing to more closely adhere to the model, investment decisions are referred to our trading department for implementation.

All separately managed account clients receive performance and holdings reports at least quarterly for their accounts from Stralem. Clients also receive account statements from their custodian at least quarterly.

## 14 CLIENT REFERRALS AND OTHER COMPENSATION

We may occasionally pay third parties for client referrals from the advisory fee we receive from the client. Referral fees are paid entirely by Stralem and do not result in any additional charges to clients. All referral arrangements are in compliance with Section 206(4)-3 of the Advisers Act and include a written agreement. We will not begin managing a client's account without first receiving a signed written disclosure statement from the client acknowledging that he or she was notified of the referral arrangement.

Broker-dealers may also occasionally refer clients to Stralem. We do not compensate broker-dealers for such referrals. Clients referred by broker-dealers may direct Stralem to use that particular broker-dealer to execute some or all transactions. In such cases, there may be a conflict between our interest in receiving future referrals from that broker-dealer and the client's interest in obtaining best execution. Stralem will disclose to all such clients that the clients' trades may be executed at different prices and commission rates than other clients' trades in the same security and that we cannot assure them best execution.

## 15 CUSTODY

Stralem does not act as custodian for any client assets. Clients are required to acknowledge that the custodian they have selected is a “qualified custodian” as required under the Advisers Act. Qualified custodians are expected to provide account statements at least quarterly that show all holdings and activity.

We strongly recommend that clients compare the portfolio holdings listed in Stralem reports against those provided by the qualified custodian and immediately alert both institutions if they notice any discrepancies.

## 16 INVESTMENT DISCRETION

When Stralem is retained on a discretionary basis, we provide ongoing supervision and portfolio management of a client’s account(s) with the authority to direct the investments without prior consultation with the client. Stralem determines which securities to buy, hold, or sell; the amount of such purchases and sales; the brokers or dealers through which transactions are executed; and the commission rates paid to effect such transactions. Stralem may accept client-imposed conditions, mandates or restrictions at our discretion. For example, a client may restrict or prohibit transactions in certain types of securities or direct that transactions be effected through specific brokers or dealers (as previously discussed). Client guidelines and restrictions will be outlined in writing.

## 17 VOTING CLIENT SECURITIES

Clients have exclusive voting authority over the securities in their account but may choose to delegate that authority to Stralem. We have adopted and implemented proxy voting policies and procedures designed to ensure that proxies are voted in the best interests of clients.

Stralem subscribes to a proxy monitoring and voting agent service offered by Institutional Shareholder Services, Inc./RiskMetrics (“ISS”). ISS provides proxy analysis with research and voting recommendations. It also, transmits votes, and records and generates a voting activity report for shares held by Stralem’s clients.

When Stralem is required to vote proxies on behalf of a client, we will generally vote in accordance with the recommendations of ISS. However, Stralem may not do so if we determine that it is in the client’s best interest or if Stralem has received any specific guidelines designated in writing by a client. Stralem does not consider its own interest as an investment adviser in making proxy voting decisions for clients. If a conflict were to arise between Stralem and client interests with respect to a matter submitted to shareholders, we would refer the matter to ISS and direct ISS to vote the proxy in the client’s best interest. Stralem periodically monitors and reviews the policies of ISS.

Clients may obtain our Proxy Voting Policy and information as to how our portfolio securities were voted by calling us toll-free at (866) 455-1007.

## 18 FINANCIAL INFORMATION

Stralem is not required to provide an audited balance sheet (which would otherwise be presented here) because we do not require prepayment of more than \$1,200 in fees six months in advance. Additionally, we have not been subject to any bankruptcy petition.

## PRIVACY POLICY

Stralem considers the privacy of our clients' information to be of utmost importance. We are therefore committed to maintaining the confidentiality, integrity and security of our clients' personal information. We employ internal policies to protect this confidentiality while still allowing client needs to be served. Stralem disseminates its information-sharing practices through the *Model Privacy Notice Form*.

## INFORMATION SECURITY PROGRAM

Stralem maintains an information security program to reduce the risk that your personal and confidential information may be breached.

## ANTI-MONEY LAUNDERING PROGRAM

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Stralem is committed to prohibiting and actively preventing money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Stralem has an Anti-Money Laundering program in place to help the government fight the funding of terrorism and money-laundering activities, which includes procedures to establish each client's identity.

## CLASS-ACTION PROCEEDINGS

Unless otherwise agreed to in writing, Stralem will not take any action on behalf of any client in any class-action legal proceedings involving securities held in a client's account or the issuers of those securities.

## BUSINESS CONTINUITY PLAN

Stralem has developed and periodically tests its Business Continuity Plan, which outlines how it would respond to events that could significantly disrupt its business. Due to the fact that the timing and impact of potential disasters and disruptions are unpredictable, we recognize the need for flexibility in responding to actual events if and when they occur.

Should a significant business disruption occur, Stralem intends to respond quickly by safeguarding our employees and property, conducting rapid financial and operational assessments, protecting the firm's books and records, and implementing emergency measures to allow our customers to transact business. Stralem's Business Continuity Plan addresses

data backup and recovery; all mission-critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; communication with critical suppliers, bank and regulatory reporting institutions; and ensuring clients prompt access to their funds and securities if Stralem were unable to continue its business.

Stralem's business continuity solution includes ongoing replication of all critical firm data to a secure external location. This provides secure access to all Stralem's data in a ready-to-use, web-enabled format and is accessible from anywhere in the world, allowing Stralem's employees to be geographically dispersed and continue business in the event of a crisis. Stralem's goal is to allow for rapid "recovery" from natural or man-made disasters with the ability to focus on our business. In short, Stralem's Business Continuity Plan is designed to permit the company to resume operations as quickly as possible given the scope and severity of the significant business disruption.

As part of the Business Continuity Plan, clients are advised that if after a significant business disruption, Stralem's telephone number—(212) 888-8123—is unavailable, they should go to Stralem's website—[www.stralem.com](http://www.stralem.com)—for further information. If neither of these options is available, clients are advised to contact their custodian directly. Clients whose accounts are custodied at Stralem's prime broker, Pershing LLC, can contact them directly at (877) 604-8967 or by fax at (201) 413-4444 or through its website, [www.pershing.com/ria/businesscontinuity](http://www.pershing.com/ria/businesscontinuity), for instructions on how trade-related transactions, cash disbursements, and security transfers may be processed.

Significant business disruptions can vary in their scope—such as affecting only the firm, a single building housing the firm, the business district where the firm is located, the city where the firm is located, or an entire region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only the firm or a building housing the firm, Stralem will transfer its operations to a local site when needed and expect to recover and resume business within four hours. In a disruption affecting the firm's business district, city, or region, Stralem will transfer operations to a site outside of the affected area and expect to recover and resume business within four hours. This recovery objective may be negatively affected by the unavailability of external resources and circumstances beyond our control. Orders and requests for funds and securities could be delayed during this period. In either situation, Stralem plans to continue its business, transferring operations to an alternate site if necessary, and notify customers through our website at [www.stralem.com](http://www.stralem.com) or by phone at (212) 888-8123 on how to contact the firm. If the significant business disruption is so severe that it prevents the firm from remaining in business, Stralem will ensure our customers' prompt access to their funds and securities.

If you have questions about Stralem's business continuity planning, please contact us toll-free at (866) 455-1007.