

# ANCOR A<sup>®</sup>

**Ancora Advisors, LLC**

**6060 Parkland Boulevard, Suite 200**

**Cleveland, OH 44124**

**Phone: (216) 825-4000**

**Fax: (216) 825-4001**

**Website: [www.Ancora.net](http://www.Ancora.net)**

This brochure provides information about the qualification and business practices of Ancora Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 216-825-4000, or by email at [jason@ancora.net](mailto:jason@ancora.net). 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 Ancora Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Ancora Advisors LLC is a registered investment advisor. Registration of an investment advisor does not imply a certain level of skill or training.

**December 31, 2016**

# Material Changes

---

## Material Changes Since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

### **Code Of Ethics**

On June 1, 2016, Ancora Holdings promoted CCO Joseph Spidalieri to CCO of Ancora Holdings and promoted VP of Compliance Jason Geers to CCO of Ancora Advisors LLC.

### **Recommend Securities with Material Financial Interest**

Jeff Anderson was added as an employee who has potential conflicts of interest due to his role as portfolio manager at Ancora and Directors of Regional Brands Inc. and First Citizens Financial Corp. Mr. Chadwick had his conflicts of interest revised due to his relationship to Riverview Bancorp Inc. Mr. DiSanto had his conflicts of interest revised due to his relationship to Regional Brands Inc., The Eastern Company and Edgewater Technology. Mr. Hopkins had his conflicts of interest revised due to his relationship to Regional Brands Inc.

### **Other Financial Industry Activities and Affiliations**

Ancora closed the Ancora China Fund and The Pondfield Opportunity Fund.

**This Brochure, dated December 31, 2016 replaces our Form ADV Part 2A dated February 12, 2016.**

## Full Brochure Availability

The Firm Brochure for Ancora Advisors LLC is available by contacting Jason Geers at (216) 825-4000 or by e-mail at [jason@ancora.net](mailto:jason@ancora.net) or by visiting our web site at [www.ancora.net/adv](http://www.ancora.net/adv)

# Table of Contents

---

Material Changes .....	2
Material Changes Since the Last Update .....	2
Full Brochure Availability .....	2
Advisory Business .....	5
Firm Description .....	5
Principal Owners .....	5
Types of Advisory Services .....	5
Tailored Relationships .....	5
Client Assets .....	6
Fees and Compensation .....	6
Description .....	6
Fee Billing and Fees Paid in Advance .....	7
Other Fees and Charges .....	8
Terminating Advisory Services .....	8
Additional Compensation .....	8
Performance-Based Fees & Side-by-Side Management .....	9
Sharing of Capital Gains or Capital Appreciation .....	9
Types of Clients .....	9
Description .....	9
Account Minimums .....	9
Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Methods of Analysis .....	10
Equity Methods of Analysis .....	10
Investment Strategies .....	11
Risk of Loss .....	13
Disciplinary Information .....	14
Legal and Disciplinary .....	14
Other Financial Industry Activities and Affiliations .....	14
Broker-dealer or Registered Representative .....	14
Material Relationships or Arrangements within Financial Industry .....	15
Recommend or Select Other Investment Advisers .....	15

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Code of Ethics.....	15
Recommend Securities with Material Financial Interest .....	16
Invest in Same Securities Recommended to Clients.....	17
Personal Trading Policies .....	18
Cross Trading Policies.....	18
Brokerage Practices .....	19
Selecting Brokerage Firms.....	19
Research and Other Services .....	19
Brokerage for Client Referrals.....	19
Directed Brokerage .....	19
Order Aggregation.....	20
Review of Accounts .....	20
Periodic Reviews.....	20
Review Triggers.....	20
Regular Reports .....	20
Client Referrals and Other Compensation .....	21
Economic Benefits .....	21
Third Party Solicitors.....	21
Custody.....	21
Asset Custody.....	21
Account Statements.....	21
Investment Discretion.....	22
Discretionary Authority for Trading .....	22
Limited Power of Attorney.....	22
Voting Client Securities .....	22
Proxy Voting.....	22
Financial Information .....	23
Prepayment of Fees.....	23
Financial Condition.....	23
Bankruptcy.....	23
Requirements for State-Registered Advisers .....	23

# Advisory Business

---

## Firm Description

Ancora Advisors, LLC is an investment advisor registered with the SEC. We specialize in customized portfolio management for individual investors, high net worth investors, investment companies (mutual funds), pooled investments (investment partnerships/investment limited partnerships), and institutions such as pension/profit sharing plans, corporations, charitable & “Not-for Profit” organizations, unions, and other investment advisers.

## Principal Owners

On December 31, 2015, the shareholders of The Ancora Group, Inc. consummated a contribution transaction pursuant to which a newly-formed holding company, Ancora Holdings Inc., which will own directly or indirectly all of the equity interests of The Ancora Group Inc., Source Companies LLC and Inverness Holdings LLC. Ancora Advisors, LLC is wholly owned subsidiary of The Ancora Group, Inc., which is now a wholly owned subsidiary of Ancora Holdings Inc. Ancora Holdings Inc. is an employee-owned C-Corp. No employee owns over 25% of Ancora Holdings Inc.

## Types of Advisory Services

At Ancora Advisors, LLC, our objective is to develop customized portfolios that meet the goals and objectives of our clients. We provide customized portfolio recommendations based on your investment parameters, time horizon, risk tolerance, and return objectives. We offer personal consultations where you may want advice on a particular issue in the area of finance and investments. We are available to consult on other matters, such as mergers acquisitions and other types of corporate finance. Our services may include both separately managed accounts (SMA) and selective allocations to our privately managed funds for qualified investors. Clients may impose reasonable restrictions on their SMAs.

If one or more of your accounts is a plan subject to ERISA we ask that you appoint Ancora Advisors, LLC as investment advisor for the purpose of ERISA. We will need to have copies of the trust agreement and any amendments governing the operation and administration of plan assets. We do not provide advice for assets outside the plan and will not vote proxies for securities held outside Ancora’s portion of the plan. We ask that you take steps to name Ancora Advisors LLC as a fiduciary in the plan’s ERISA fidelity bond covering the account. Ancora may also participate in class action suits on our client’s behalf.

## Tailored Relationships

Ancora Advisors, LLC will work with clients to make customized portfolios and provide advice for special situations and needs.

## Client Assets

Ancora Advisors manages accounts primarily on a discretionary basis, but will advise on accounts on a non-discretionary basis under certain arrangements. As of December, 31, 2016, we managed \$2,307,414,569 in client assets on a discretionary basis and \$1,385,543,817 on a non-discretionary basis.

## Fees and Compensation

---

Management fees are based on the value of assets managed and fees are calculated as a percentage of assets under management. Ancora Advisors reserves the right to waive fees and minimums in certain instances.

Ancora Advisors may receive performance based fees for its investment partnerships and certain specialized accounts. Please see the “Sharing of Capital Gains or Capital Appreciation” section of this document for more details.

### Description

Fees are based upon the client's total relationship with Ancora Advisors. Holdings of mutual funds and investment partnerships where Ancora Advisors acts as the investment manager, to the fund itself, are excluded from client's separately managed account's quarterly billing values. Advisory fees are negotiable in certain instances. Some client's may pay higher or lower fees than shown below.

---

<b>Equity Managed Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Small-Mid Cap Core (SMID)</i>	Under 10 million	1.00%
<i>Small Cap Core</i>	10 million to 20 million	0.90%
<i>Mid Cap Core</i>	20 million to 50 million	0.80%
<i>Micro Cap Value</i>	Over \$50 million	0.70%

<b>Fixed Income Managed Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Short Term – Taxable</i>	On the first 1 million	0.75%
<i>Intermediate Term - Taxable</i>	On the next 2 million	0.50%
<i>Aggregate - Taxable</i>	On the next 2 million	0.40%
<i>Intermediate Term - Tax Exempt</i>	On the next 5 million	0.30%
	On the next 10 million	0.20%
	Over \$20 million	Negotiable

<b>Managed Allocation Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Managed Allocation - Aggressive</i>	On the first 1 million	1.00%
<i>Managed Allocation - Moderate</i>	On the next 2 million	0.70%
	On the next 2 million	0.60%
<i>Managed Allocation - Conservative</i>	On the next 5 million	0.50%
	On the next 10 million	0.40%
<i>Balanced</i>	Over \$20 million	Negotiable

Ancora may reduce or waive its fees for organizations qualifying under 501C(3) of the IRS Code.

Minimum Fee \$1,000.00 per quarter

## Fee Billing and Fees Paid in Advance

Fees are charged quarterly (1/4 of annual fee) in advance based upon the value of assets managed based valuations done by the client's custodian or other pricing services at the end of each calendar quarter.

When you sign your management agreement you may authorize Ancora Advisors to invoice your custodian or broker dealer to deduct your management fees. By signing this "Letter of Authorization" or similar document, you authorize your custodian to automatically deduct the management fees from your account and send them to Ancora Advisors. If your account does not have sufficient cash to or money market funds balance to cover the fees, you may deposit additional funds (subject to certain restrictions for IRA account and qualified retirement plan accounts) or make payment in an alternative method acceptable to Ancora Advisors. If you do not deposit additional funds into your account or make the payment in another manner, securities in your account will be sold in an amount sufficient to cover the fees due. Your account custodian or broker dealer statement will reflect the date and the amount deducted from your account.

If you elect to pay Ancora Advisors from an account outside of our management services, you will receive a quarterly invoice with instructions on where to mail your payment.

Clients that open accounts after the beginning of a quarter will be charged in arrears at the end of the quarter. This means you will receive two bills at the next quarter end. One bill for the portion of the quarter your money has been invested and a second bill for the quarter for their quarterly management fee consistent with all other customers.

Ancora Advisors does not typically charge prorated fees for funds that are deposited to an existing account during the quarter. Ancora Advisors, however, does reserve the right to charge prorated fees for funds deposited during the quarter. Ancora Advisors will return excess fees upon closure of a client account.

## Other Fees and Charges

Our management fees are separate from charges assessed by third parties such as broker dealers, custodians and mutual fund companies. Brokerage and other transaction costs charged by broker dealers executing transactions and custodians maintaining your assets are in addition to the management fees and are not negotiable. Mutual funds, variable annuities and or other platforms may assess other fees and expenses such as 12b-1 fees or commissions in connection with the placement of your funds.

## Terminating Advisory Services

Clients may terminate their advisory contract with Ancora Advisors in writing at any time. We recommend you use a mail service where a signed receipt is required. Fees will be refunded from the date written notice has been received through the end of the calendar quarter. Ancora Advisors may terminate relationships with clients, in writing, upon 30 days' notice and will refund fees through the end of the calendar quarter. Your death will not terminate the Investment Management Agreement or authority granted to Ancora Advisors until we have received actual written notification of your death nor will a transfer in ownership in Ancora Advisors (e.g. Ancora Advisors is sold).

## Additional Compensation

Ancora Advisors does not receive any additional direct compensation from managed account clients other than the management fee. The firm may, however, receive indirect compensation or benefits from executing brokers and custodians for aggregating business with their firm. These benefits may include, but are not limited to, access to research, technology, and invitations to special events including conferences.

Some staff members are registered with America Northcoast Securities, but do not receive commissions on any trades executed with America Northcoast Securities. However, as part of the separation agreement, these registered representatives may continue to earn 12b-1 fees if mutual funds within your account should pay them. This conflict is mitigated because these registered representatives have no input over the specific investments that are purchased and sold for managed accounts. The discretion is that of the portfolio manager and each decision is solely based on relative performance. In addition, Ancora Advisors will place clients into the lowest expense fee class for which the client is eligible. Typically, these classes have little or no a 12b-1 fees.

Employees of Ancora Advisors that are also Registered Representatives of broker dealers may earn additional compensation for sales of securities and investment products to non-Ancora Advisor clients.

Employees of Ancora Advisors that are registered with the Ohio Department of Insurance may earn additional compensation for sales and referrals of insurance products through affiliated Insurance companies.

# Performance-Based Fees & Side-by-Side Management

---

## Sharing of Capital Gains or Capital Appreciation

As a general rule Ancora Advisors does not receive performance based fees – that is fees based on a share of the capital gains or appreciation of the assets of the client.

There are two exceptions to this policy. First, Ancora Advisors may potentially receive performance based fees for the performance of Merlin Partners LP, AAMAF LP, Ancora Catalyst Fund LP and Birchwald Partners LP. These are investment partnerships (investment partnership investments) that are purchased on a subscription basis and are only offered to prequalified investors. Typically, there are no side by side conflicts of interest because Ancora does not manage these strategies in any other non-performance based manner. Performance based fees may give investment managers incentive to make more speculative or riskier investments than accounts without performance based fees. The performance based fees for these investments are disclosed in the Confidential Private Offering Memorandum that each investor receives and should read carefully prior to investing.

The second instance whereby Ancora Advisors may earn fees based on a share of the capital gains or appreciation of the assets of the client, is a specifically targeted account holding a single security. These products are only available to large institutional investors, typically other Registered Investment Advisers.

## Types of Clients

---

### Description

Ancora Advisors, LLC provides investment advisor services for individual investors, high net worth investors, investment companies (mutual funds), pooled investments (investment partnerships/investment limited partnerships), and institutions such as pension/profit sharing plans, corporations, charitable & “Not-for Profit” organizations, unions and other investment advisers.

### Account Minimums

Each client account must be a minimum of \$1 million unless related to other accounts which together total \$1 million. Ancora Advisors reserves the right to waive this minimum at its discretion.

# Methods of Analysis, Investment Strategies and Risk of Loss

---

## Methods of Analysis

### Equity Methods of Analysis

Ancora's valuation screening focuses on two situations:

First, companies trading at a significant discount to their liquidation or going-concern value. Certain issues may trade below tangible book value. This can occur in times of broad market pessimism or Wall Street concentration with a company's near-term outlook. Other companies have hidden assets that are not reflected in the company's financial statements, such as investments in private companies or understated real estate values, which, if properly valued on the balance sheet, would result in the company trading at a discount to tangible book value. Ancora works to understand catalysts that will unlock the value of the target company's assets, although Ancora will also buy based on a company being too cheap to ignore.

Secondly, companies trading sufficiently below the calculation of intrinsic value based on Ancora's "Normalized Return" analysis to provide potential total return of 50% or more over a three year time horizon. Sell decisions are based on valuation, risk and portfolio guidelines. As individual stocks approach their intrinsic value and decline in their relative attractiveness, they become candidates for sale. Other sell decisions may occur because of deterioration in the fundamentals that supported the initial investment. Automatic sales are initiated as position exposures approach diversification guidelines. Proceeds from sales are reinvested in companies that are more attractively valued based on the purchase disciplines.

### Fixed Income Methods of Analysis

Our Fixed Income strategy employs a top down approach with emphasis on sector allocation as our primary value added tool. We are primarily an up in quality manager emphasizing higher rated corporate issues and higher classes of structured products. We attempt to add value in security selection by emphasizing either smaller issues or less liquid issues which tend to not trade as efficiently as do benchmarked/index eligible holdings. Our research efforts in these names are internally generated and rely on various research sources including street generated research and other sources.

Our taxable fixed income approach utilizes all the investment grade debt market sectors. We do not utilize non-investment grade securities in any of our managed accounts. In addition, because of the risk adverse nature of our firm and the majority of the clients we represent, we restrict our fixed income buying to bonds rated A- or higher by one or more of the major rating agencies. By not buying BBB rated bonds we believe we have a "buffer zone" for potential downgrades of an issue before we would face a non-investment grade issue in our portfolios. If a bond is ultimately downgraded to non-investment grade (i.e. BB+/Ba1) a sale is not required. However, we do tend to err on the conservative side and will often sell while BBB if possible.

Ancora typically holds 30 to 80 positions and limits individual corporate issuers to no more than 3% of the portfolio and our typical duration profile is no more than or less than 20% above or below the duration of the applicable index.

### **Managed Allocation Methods of Analysis**

Ancora Advisors, LLC has several models within its Managed Allocation strategy. The strategies make use of ETFs with low index tracking error, mutual funds (including the Ancora Family of mutual funds), bond and common stock to achieve true asset diversification across multiple asset classes including; Cash, Fixed Income, U.S. Equities, Non U.S. Equities, Real Assets and Liquid Alternatives. The various models are allocated a percentage to each asset class based on the client's need of Capital Preservation, Income or Capital Appreciation or the need to balance between these objectives.

As Ancora clients, you will have full transparency to see how we carefully select and monitor securities for your portfolio. We adjust client portfolios relative to the original models based on market conditions but work to ensure that the portfolio remains consistent with client goals, objectives and investment policy statements.

## **Investment Strategies**

Ancora Advisors manages portfolios for clients in 13 separate categories:

**Small-Mid Cap Core (SMID)** - The Small-Mid Cap (SMID) strategy emphasizes equity investments in companies with market capitalizations between \$100 million and \$10 billion. This translates to approximately 3,000 listed stocks. The manager refines this universe to a portfolio of approximately 40-60 holdings focusing on companies that have strong franchise value but that may currently be out of favor, underfollowed companies that receive little Wall Street research attention and special situation investments that are frequently misunderstood by the market such as spinoffs and corporate restructurings. The objective of the fund is long term capital appreciation. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Small Cap Core** - The Small Cap Core strategy emphasizes equity investments in companies with market capitalizations between \$100 million and \$2 billion, consistent with the companies within the Russell 2000 Index. This translates to approximately 2,500 listed stocks. The manager refines this universe to a portfolio of approximately 40-60 holdings focusing on companies that have strong franchise value but that may currently be out of favor, underfollowed companies that receive little Wall Street research attention and special situation investments that are frequently misunderstood by the market such as spinoffs and corporate restructurings. The objective of the fund is long term capital appreciation. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Mid Cap Core** - The Mid Cap Core strategy emphasizes equity investments in companies with market capitalizations between \$2 billion and \$15 billion, consistent with the companies within the Russell Midcap Index. This translates to approximately 2,500 listed stocks. The manager refines this universe to a portfolio of approximately 40-60 holdings focusing on companies that have strong franchise value but that may currently be out of favor, underfollowed companies that receive little Wall Street research attention and special situation investments that are frequently misunderstood by the market such as spinoffs and corporate restructurings. The objective of the fund is long term capital appreciation. *Risks*

*include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Micro Cap Value** – The Micro Cap Strategy contains U.S. traded equities, which offer substantial returns with corresponding greater risks. Securities will tend to be of companies with "micro" and capitalizations typically less than \$500 million. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**High-Yield Dividend** – The High-Yield Dividend strategy contains primarily U.S. traded equities which offer an attractive dividend yield relative to the S&P 500. These companies tend to be well established with steady consistent earnings and dividend growth as well as stable cash flow. They also tend to have strong competitive positions in their key markets and typically have a market capitalization over \$2 billion. *Potential Risks include large companies with mature markets in very competitive industries and slow to adapt to competitive changes caused by technology and consumer preference*

**Short Term - Taxable** – The Short Term - Taxable Strategy seeks to provide a real return over a long period of time commensurate with the risk profile of the portfolio. The Short Term - Taxable Strategy pursues these objectives by investing primarily in income producing securities with a shorter duration profile with a maximum duration of 2.5 years. Securities held in this strategy should be investment grade credits with average credit quality ratings of single A or better. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Intermediate Term – Taxable** – The Intermediate Term – Taxable Strategy seeks to provide a real return over a long period of time to commensurate with the risk profile of the portfolio. The Intermediate Term – Taxable Strategy pursues these objectives by investing primarily in income-producing securities across all sectors of the taxable investment grade markets. Securities held in this strategy should have an average credit quality rating of at least "A". The duration of these accounts should be somewhat in line with the duration of the Barclay's Intermediate Bond Index. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Aggregate – Taxable** – The Aggregate – Taxable Strategy seeks to provide a real return over a long period of time to commensurate with the risk profile of the portfolio, and with a duration profile more in line with the Barclay's Aggregate Bond Index. The Aggregate – Taxable Strategy pursues these objectives by investing primarily in income-producing securities of primarily investment grade rated credits with an average credit quality rating of at least "A". *Potential risks include declining prices due to rising interest rates and default by issuers*

**Intermediate Term – Tax Exempt** – The Intermediate Term – Tax Exempt Strategy seeks to provide a real return over a long period of time to commensurate with the risk profile of the portfolio for tax-exempt portfolios. The Intermediate Term – Tax Exempt Strategy pursues these objectives by investing primarily in income-producing tax exempt municipal securities rated "A" or better by the major rating agencies. The duration profile of these accounts tend to be in line with the benchmark index which is the Merrill Lynch 1-10 year US municipal securities Index. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Managed Allocation** – This strategy is targeted toward helping high net-worth individuals preserve, protect and grow their assets by utilizing traditional assets classes (large cap equities, small cap equities, bonds) while also incorporating additional asset classes such as real assets (commodities, REITs and infrastructure assets such as oil and gas pipeline operators) and alternative investments (lower correlation, non-long only/hedged strategies) into client portfolios when appropriate. The purpose of including these additional asset classes is to generate a potentially more diversified pool of return streams through the use of active (individual stocks and mutual funds) and passive (ETFs)

management. The strategy can further be divided into Aggressive, Moderate and Conservative allocations to cater to client's specific risk tolerances. *Potential Risks include a portfolio that may not keep pace with rising stock market indexes due to its vast diversification and ETFs may not keep pace with the index they are tracking due to fees within the fund and advisory fees.*

**\*Hybrid Income** – The Hybrid Income Strategy, the strategy of the Ancora Income Fund, has an investment objective of obtaining a high level of income, with a secondary objective of capital appreciation in the value of its holdings. The Hybrid Income Strategy pursues these objectives by investing primarily in income-producing securities, including securities of closed-end funds having portfolios consisting primarily of income-producing securities, and equity securities. *Potential risks include declining prices due to rising interest rates and default by issuers.*

**\*Large Cap Value** – The Large Cap Value Strategy, the strategy of the Ancora Equity Fund, contains U.S. traded equities, with superior long-term total return potential. Securities in this strategy tend to be well-established, recognizable leaders in their industry with typical market capitalizations in excess of \$500 million. *Potential Risks include large companies with mature markets in very competitive industries and slow to adapt to competitive changes caused by technology and consumer preference.*

**\*All Cap Value** – The All Cap Value Strategy consists of the combination of Large Cap Value and Small Cap Value Strategies as defined above. Depending upon the best opportunities available, as perceived by the Ancora portfolio manager, portfolios at various times will consist of a greater weight being placed on one category over the other and vice versa. *Potential Risks include large companies with mature markets in very competitive industries and slow to adapt to competitive changes caused by technology and consumer preference. Smaller companies are subject to larger price fluctuations and are typically less liquid.*

**\*Denotes a management strategy generally only available through investment in The Ancora Family of Mutual Funds. Investors should carefully consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the fund's prospectus**

Depending upon market conditions and the availability of attractive investment opportunities, Ancora may hold cash or money market funds in lieu of, or as part of each category.

## Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. Investment values will fluctuate both up and down, are subject to market volatility, and may be worth more or less than the original cost. All securities risk the loss of principal. In addition, while we believe our methodology and strategies will be profitable, there is no assurance this will always be the case.

While your brokerage account may allow margin transactions, we generally do not recommend the use of margin. We want you to understand the risks of margin transactions and recommend that you read your broker dealer's written disclosure document describing margin trading and its related risks. Some of our strategies may include option transactions. Here again, Ancora wants you to understand the risks involved when trading options and recommend that you read "Characteristics and Risks of Standardized Options" published by the Options Clearing Corporation. Ancora would be happy to answer any questions you may have related to your account, margin or options.

# Disciplinary Information

---

## Legal and Disciplinary

SEC Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Ancora Advisors, LLC and the integrity of our management of your assets.

Ancora Advisors has no such information to report.

# Other Financial Industry Activities and Affiliations

---

## Broker-dealer or Registered Representative

On December 31, 2012, The Ancora Group, the parent company of Ancora Advisors, sold its stake in America Northcoast Securities, Inc., Arch Eagle Group, Arch Eagle Insurance, Arch Eagle Foundation and Arbor Court Capital. The Ancora Group, Inc. sold its stake in all 5 entities to the existing management team of those business units. Many of our employees remain registered representatives of America Northcoast Securities. Our staff members registered with America Northcoast Securities do not receive commissions on any trades executed with America Northcoast Securities for accounts managed by Ancora Advisors. However, as part of the separation agreement, these registered representatives may continue to earn 12b-1 fees if mutual funds within a managed account should pay them. These registered representatives have no input over the specific investments that are purchased and sold for managed accounts. The discretion is that of the portfolio manager and each decision is solely based on relative performance. In addition, Ancora Advisors will place clients into the lowest expense fee class for which the client is eligible. Typically, these classes have little or no a 12b-1 fees. America Northcoast Securities' fully disclosed clearing agreement with Pershing LLC does not allow clients to trade securities away from America Northcoast Securities. As such, Ancora Advisors is unable to aggregate orders and negotiate commissions on its client's behalf for accounts held at America Northcoast Securities. In addition, Ancora Advisors has agreed not to solicit clients to terminate their brokerage relationship with America Northcoast Securities as part of the separation agreement. However, clients are always free to move their accounts at any time.

Ancora Advisors, LLC is affiliated with Safeguard Securities, Inc. as its majority owner. Safeguard Securities Inc. is a dual registrant broker dealer and investment advisor. Safeguard Securities is a registered general securities broker dealer and Member of FINRA and SIPC. Safeguard Securities is also registered with the SEC as an investment advisor. Some employees may be registered representatives of Safeguard Securities. Ancora Advisors does not manage any accounts or direct any trades for managed accounts to Safeguard Securities. Ancora Advisors does manage some portfolios for clients that are referred to the company by Safeguard Securities, Inc.

Ancora Advisors, LLC is affiliated with Inverness Securities, LLC through common ownership. Inverness Securities, LLC is a FINRA and SIPC member broker dealer. Some employees may be registered representatives of Inverness Securities, LLC. Ancora Advisors does not manage any accounts or direct any trades for managed accounts to Inverness Securities, LLC.

## Material Relationships or Arrangements within Financial Industry

Ancora Advisors serves as investment manager for the Ancora Trust (also known as the Ancora Family of Mutual Funds). Ancora Advisors' investment managers serve as portfolio managers for the Ancora Income Fund, Ancora/Thelen Small-Mid Cap Fund (as of 1/1/13), Ancora MicroCap Fund and the Ancora Special Opportunities Fund. In addition, Ancora Advisors' staff members serve as officers and/or provide services to the Ancora Trust. Ancora Advisors serves as the General Partner and investment manager to Merlin Partners LP, AAMAF LP, Ancora Catalyst Fund LP and Birchwald Partners LP. These entities are investment partnerships. In addition, Ancora Advisors is the general partner of Merlin Partners LP, AAMAF LP, Ancora Catalyst Fund LP and Birchwald Partners LP. Ancora Advisors is the majority owner of Safeguard Securities a dual registrant broker dealer and investment advisor. Ancora Advisors is the majority owner of Source Insurance.

Richard Barone is the principal owner of America Northcoast Securities, Arch Eagle Group, and Arch Eagle Insurance. He, along with others, purchased these entities from The Ancora Group on December 31, 2012.

Ancora Advisors acts as a sub-adviser for the Russell U.S. Small Cap Equity Fund.

## Recommend or Select Other Investment Advisers

Ancora Advisors does not direct management services to outside advisers.

# Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

---

## Code of Ethics

Ancora Advisors LLC has adopted a formal Code of Ethics. This Code of Ethics includes requirements to make sure that we meet our fiduciary responsibilities which include the following subjects:

- The adviser's fiduciary duty to its clients;
- Compliance with all applicable Federal Securities Laws;
- Reporting and review of personal securities transactions and holdings;
- Reporting of violations of the code; and

- The provision of the code to all supervised persons.

Ancora Advisors will provide a copy of our Code of Ethics to clients and prospective clients upon request. To obtain a copy contact Jason Geers at (216) 825-4000 or by e-mail at [jason@ancora.net](mailto:jason@ancora.net). All Ancora Advisors' employees are required to affirm our Code of Ethics at least annually.

## Recommend Securities with Material Financial Interest

Denis Amato was elected to the Board of Directors of Mace Security International, Inc. a public company that trades under trading symbol "MACE". At the time of Mr. Amato's election to this Board of Director positions, accounts managed by Ancora Advisors LLC owned shares of Mace Security International, Inc. A conflict of interest may exist because; 1) Mr. Amato in his capacity as a Portfolio Manager for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. Amato has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Amato in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Mr. Amato as a Portfolio Manager of Ancora Advisors would be unable to purchase or sell securities related to MACE until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in MACE perceived to be available to investors of the general public.

Richard Barone was elected to the Board of Directors of The Stephan Company, a public company that trades under trading symbol "SPCO" and Mace Security International, Inc. a public company that trades under trading symbol "MACE". At the time of Mr. Barone's election to these Board of Director positions, accounts managed by Ancora Advisors LLC owned shares of The Stephan Company and Mace Security International, Inc. A conflict of interest may exist because; 1) Mr. Barone in his capacity as a Portfolio Manager for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for these companies, Mr. Barone has an obligation to take action in the best interest of the companies and their shareholders. In addition, there may be instances where Mr. Barone in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Mr. Barone as a Portfolio Manager of Ancora Advisors would be unable to purchase or sell securities related to MACE and/or SPCO until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in MACE and SPCO perceived to be available to investors of the general public.

Frederick DiSanto was elected to the Board of Directors of Edgewater Technology Inc. symbol "EDGW", The Eastern Company symbol "EML", and Regional Brands Inc. symbol "RGBD". A conflict of interest may exist because; 1) Mr. DiSanto in his capacity as a Chief Executive Officer for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. DiSanto has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. DiSanto in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora Advisors would be unable to purchase or sell securities related to these Corporation until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in these Companies, perceived to be available to investors of the general public.

Brian Hopkins was elected to the Board of Directors of First Menasha Bancshares, Inc. a public company that trades on the OTC market under trading symbol "FMBJ" and Regional Brands Inc. symbol "RGBD". At the time of Mr. Hopkins' election to the Board of Directors, accounts managed by Ancora Advisors LLC owned shares of First Menasha Bancshares and Regional Brands Inc. A conflict of interest may exist

because; 1) Mr. Hopkins in his capacity as a Portfolio Manager for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. Hopkins has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Hopkins in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora Advisors would be unable to purchase or sell securities related to these companies until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in these companies, perceived to be available to investors of the general public.

James Chadwick was elected to the Board of Directors of Imperial Holdings, Inc., which changed names to Emergent Capital Inc. in 2015, Riverview Bancorp Inc., and Stewart Information Services Corporation public companies that trades on the New York Stock Exchange under trading symbols “EMG”, “RVSB” and “STC” respectively. At the time of Mr. Chadwick’s election to the Board of Directors, accounts managed by Ancora Advisors LLC owned shares of Emergent Capital Inc., Riverview Bancorp and Stewart Information Services Corporation. A conflict of interest may exist because; 1) Mr. Chadwick in his capacity as a Portfolio Manager for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for these companies, Mr. Chadwick has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Chadwick in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora Advisors would be unable to purchase or sell securities related to these companies until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in these companies, perceived to be available to investors of the general public.

Jeff Anderson was elected a Directors of Regional Brands Inc. and First Citizens Financial Corp. Ancora has a management relationship with Regional Brands Inc. whereby it charges a fee and owns options in the company. A conflict of interest may exist because; 1) Mr. Anderson in his capacity as a Portfolio Manager for Ancora Advisors LLC has a fiduciary obligation to advisory clients and 2) as a Director for these companies, Mr. Anderson has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Anderson in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora Advisors would be unable to purchase or sell securities related to the companies until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora Advisors to miss market opportunities in these companies.

### **Invest in Same Securities Recommended to Clients**

On occasion, Ancora employees may decide to transact in securities that are also transacted in client accounts or may transacted in securities in which a related person may have some financial interest. This practice could create a conflict of interest if the transactions are structured to impact the market after the employee has transacted in the security. Our Code of Ethics and Personal Securities Trading Policy stipulates that our employees, with limited exceptions, may not transact in securities three days prior to or three days subsequent to the firm transacting in such securities for its clients. Additionally, personal securities transactions for common stocks, ETFs, preferred stocks, ADRs, closed-end funds, options, IPOs, private placements and mutual funds for which an affiliate serves as the investment adviser or sub-adviser must be preapproved. Employee transactions are reviewed daily for compliance with firm policy.

## Personal Trading Policies

Ancora Advisors has a formal Personal Securities Trading Policy. As part of this policy Ancora requires that our employees and affiliated persons submit all personal trading requests through our compliance software for approval prior to placing their personal transactions. Further, employees must also submit a Personal Securities Transaction Report quarterly and an Annual Holdings Report to the compliance department to affirm that no trades were done outside of the firm's supervision. Other blackout period restrictions on securities due to client trades and MNPI may be in place and are monitored by compliance.

## Cross Trading Policies

A cross trade is a pre-arranged transaction between two or more accounts, each of which managed by the same adviser. In some situations, the adviser may need to buy and sell the same security at substantially similar times and the adviser may determine that crossing the transaction is beneficial to both clients as opposed to exposing each individual trade to the current market. Ancora must always act in the best interests of both the buyer and seller in any such transaction.

Ancora may use an unaffiliated broker-dealer or custodian to cross investments and/or cash between Client accounts when such a transaction is advantageous for each participant. However, no accounts subject to ERISA may participate in such transactions.

Ancora may also use an affiliated broker-dealer to cross investments and/or cash between Client accounts when such a transaction is advantageous for each participant. No accounts subject to ERISA may be included in any cross trade.

- In addition to the procedures presented above, Ancora will follow additional procedures required by Rule 206(3)-2 under the Advisers Act when using an affiliated broker-dealer to cross assets and/or cash between Client Accounts. The additional procedures include:
- Ancora will provide any Client that may participate in agency cross trades with full written disclosure that Ancora or an affiliate will act as broker for, receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transactions;
- Any Clients that may participate in agency cross trades, after receiving full written disclosure, with execute written consent prospectively authorizing such transactions;
- Ancora or its affiliate will send a written confirmation to any Client participating in an agency cross transaction that includes:
  - I. A statement of the nature of the transaction;
  - II. The date the transaction took place;
  - III. An offer to furnish, upon request, the time when the transaction took place, and;
  - IV. An offer to furnish, upon request, the source and amount of any other remuneration received or to be received by Ancora and its affiliates in connection with the transaction

Ancora or its affiliate(s) send to each Client, at least annually and as part of any written account statement or summary, a written disclosure statement identifying the total number of agency cross transactions since the date of the last such statement, as well as the total amount of all commissions or other remuneration received or to be received by Ancora and its affiliates in connection with such transactions.

Each written disclosure statement and confirmation sent in connection with agency cross trades must include a conspicuous statement that the Client's consent to such transactions may be revoked at any time by written notice to Ancora or its affiliates.

# Brokerage Practices

---

## Selecting Brokerage Firms

You are free to select any custodian / broker dealer for custody of your account.

Ancora Advisors has established relationships with Pershing, Charles Schwab, Fidelity and TD Ameritrade. Should you choose to place your assets at one of these brokerage firms, we will continue to be your primary source of contact for all account related needs.

If you choose a brokerage firm that we do not have a relationship with, Ancora Advisors will have limited capacity to service the account. Many services will have to be performed at the custodian directly.

Please refer back to the "Additional Compensation" section of this document for any potential conflicts when selecting your brokerage firm.

## Research and Other Services

Ancora Advisors may direct brokerage for research in a "soft dollar" manner for any account in which brokerage was not directed by the client. However, most research is done internally and most non-directed trades are placed on the basis of execution quality and liquidity.

Ancora Advisors does not currently receive any other material benefits for directing brokerage.

## Brokerage for Client Referrals

Ancora Advisors may engage in the practice of directing brokerage trades to outside broker dealers for capital introduction to our private funds. Ancora Advisors does not engage in the practice of directing brokerage trades to outside broker dealers for separately managed account clients.

## Directed Brokerage

In some instances, Ancora Advisors may trade based on the client's direction. In those instances clients request that trades are placed directly with the client's custodian. In some cases, the client may direct us to trade the security with a certain brokerage firm and settle it with the client's custodian as part of a COD transaction.

It is important to note that if you do not give Ancora Advisors discretion to direct trades, you may limit our ability to negotiate favorable commissions and seek best execution for trades in your account. You may also be excluded from block trades and average price transactions.

## Order Aggregation

As part of Ancora's fiduciary duty to its clients, Ancora has an obligation to seek best price and execution for all trades, to trade assets in a manner that is fair to all clients, and to exercise diligence and care throughout the trading process.

Ancora Advisors will aggregate trades whenever it has the ability to do so. Ancora aims to place all non-directed trades for the same side in the same security with the same broker to aggregate orders and give all clients their pro-rata allocation of the trade at the same price. Ancora aims for a similar process for directed brokerage. All orders for the same side in the same security with the same directed broker will be aggregated and allocated pro-rata at the same price whenever possible. Ancora Advisors will place non-directed trades before directed trades. Directed trades are grouped together and traded on a rotational basis based on custodian. When placing Client transactions through multiple broker-dealers, a rotation schedule is used to be fair to all Clients over time. Typically, directed brokerage and non-directed brokerage orders cannot be combined.

# Review of Accounts

---

## Periodic Reviews

Portfolio Managers formally review each portfolio at least semi-annually. The frequency and level of review is determined by the complexity of your portfolio, changes in economic or market conditions, tax law and your individual situation. Portfolios are reviewed informally more frequently.

It is recommended that Investment Advisors meet with clients at least twice a year to review and go over their account(s) with them in person. If it is discovered that a change in the client's situation has materially affected the way we are currently managing their portfolio(s), we will obtain a "Style Change Form" immediately and update our records and management process to correspond to the changes.

We will base our management process on the original management agreement unless we are notified in writing of changes.

## Review Triggers

Portfolio managers informally review portfolios at least monthly. When any security held by clients should be sold, accounts are reviewed immediately; either just prior to or after the security is sold. When any security is bought for clients, accounts are reviewed immediately; either prior to or just after the security is purchased.

## Regular Reports

The broker dealer handling your account or custodian typically sends you monthly, but at least quarterly account statements. These Account statements show money balances, securities held in the account,

investment values and transactions made. Ancora Advisors also sends out quarterly reports that include the same information noted above and other information such as performance of your investments. We encourage you to review and compare the brokerage account statements with your Ancora Advisors quarterly reports. If you see a discrepancy, please contact your investment representative and bring it to their attention.

# Client Referrals and Other Compensation

---

## Economic Benefits

Ancora Advisors does not receive any economic benefits or compensation for referring business other than described in the “Additional Compensation” section of this document.

## Third Party Solicitors

We may pay individuals or other organizations (solicitors) for client referrals and to introduce potential clients to Ancora Advisors, LLC if the individual or organizations meet qualifications and have entered into a solicitation agreement with Ancora Advisors. Solicitors, typically, will only be used for obtaining clients for our investment limited partnership. Solicitors for investment limited partnerships must be properly registered with broker dealers. Solicitors may solicit clients for other products or services of Ancora Advisors, LLC. Compensation to the solicitor is a percentage of our management fees. The individual solicitor is required to provide a written statement describing the compensation paid to him/her or the organization they represent. A solicitor is not permitted to offer investment advice on behalf of Ancora Advisors. Clients obtained through this referral process do not pay higher fees than clients not obtained through referrals. This means that no additional fees or charges will be charged to the client because of the solicitor relationship.

# Custody

---

## Asset Custody

Under SEC Rule 206(4)-2, Ancora Advisors may be viewed for regulatory purposes as having custody of certain client assets due to Ancora Advisors’ ability to deduct fees directly from certain client accounts, and/or Ancora Advisors’ role as both investment advisor and general partner to Merlin Partners LP (an investment limited partnership), AAMAF LP (an investment limited partnership), Ancora Catalyst Fund LP (an investment limited partnership), or Birchwald Partners LP (an investment limited partnership).

## Account Statements

The broker dealer handling your account or custodian typically sends you monthly, but at least quarterly account statements. These account statements show money balances, securities held in the account, investment values and transactions made. Ancora Advisors also sends out quarterly reports that include the same information noted above and other information such as performance of your investments. We encourage you to review and compare the brokerage account statements with your Ancora Advisors quarterly reports. If you see a discrepancy, please contact your investment representative and bring it to their attention.

## Investment Discretion

---

### Discretionary Authority for Trading

Most clients give Ancora Advisors LLC discretion over the selection, amount and timing of securities to be bought and sold. This means that the portfolio manager or advisor representative may purchase or sell securities consistent with your investment objectives without contacting you prior to entering the transaction.

We also do consulting on a non-discretionary basis. Typically, these clients are institutions that have an internal management team, but may require help developing strategies and specialized reporting that we can provide to supplement their efforts.

### Limited Power of Attorney

Investment authority may be subject to specific investment objectives and guidelines and/or conditions imposed by you. For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of your portfolio or you may have restriction or prohibitions of transactions in the securities of a specific company industry such as no tobacco stocks. Please detail any such specifications or exception in writing prior to engaging our services.

## Voting Client Securities

---

### Proxy Voting

As a general rule, most clients will enter into an agreement with or take actions to direct proxies to Ancora Advisors to be voted. We have adopted a proxy voting policy which is reasonably designed to ensure that proxies are voted in the best interests of our clients, consistent with stated investment objectives, in accordance with our fiduciary duties and in accordance with SEC Rule 206(4)-6 of the Investment Advisors Act of 1940. Clients are also free to vote their own proxies as they see fit.

Proxies are an asset of our client's accounts and Ancora takes voting very seriously. Ancora will vote each proxy in accordance with its fiduciary duty to its Clients. Ancora will generally seek to vote proxies in a way that maximizes the value of Clients' assets. However, Ancora will document and abide by any specific proxy

voting instructions conveyed by a Client with respect to that Client's securities. Ancora also offers clients the ability to vote in accordance with Taft-Hartley Guidelines. Clients may also retain the authority to vote proxies.

The proxy voting policy is premised on the following principles:

- maximization of each investment's return is the primary component of the client's best interests;
- good corporate governance will help maximize investment returns;
- increasing shareholder involvement in corporate governance will help maximize investment returns;
- antitakeover defenses inhibit maximization of investment returns; and
- self-dealing by or conflicts of interest of company insiders are not in the client's best interests.
- unless the client provides specific written instructions to Ancora Advisors, the advisor will vote proxies according to its policy under the authority granted by the client.

A copy of the firm's proxy voting procedures are available upon request. Clients may obtain information on how their proxies were voted and/or proxy voting procedures by writing the firm or contacting Jason Geers at (216) 825-4000 or by e-mail at [jason@ancora.net](mailto:jason@ancora.net) to request this information.

## Financial Information

---

### Prepayment of Fees

Fees for your investment advisor services are generally charged quarterly in advance based upon the value of assets managed, with valuations done by the client's custodian or other pricing services at the end of each calendar quarter. We do not require more than one quarter of pre-paid fees.

### Financial Condition

Ancora Advisors LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

### Bankruptcy

Ancora Advisors LLC has not been subject to a bankruptcy proceeding.

## Requirements for State-Registered Advisers

---

This item does not apply to Ancora Advisors LLC.