Item 1 – COVER PAGE

FORM ADV PART 2A*

SEC Required Brochure

February 2017

1860 El Camino Real, Suite 200, Burlingame, CA 94010

Telephone 650.697.3013 Fax 650.697.3003

www.elmadvisors.com

*This brochure provides information about the qualifications and business practices of ELM Advisors, LLC. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, Elana Lieberman, at telephone 650.697.3013. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about ELM Advisors, LLC is available on the SEC's website at www.advisorinfo.sec.gov.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and the Brochure Supplement describing the Firm's professionals for more information on the qualifications of the Firm and its employees. The use of the term "registered investment adviser" and description of ELM Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training.

Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A

This updated Form ADV Part 2A contains the following changes from the prior version:

- Updated assets under management information at Item 4.

Item 3 - TABLE OF CONTENTS

INDEX OF ERISA RELATED DISCLOSURES

ELM Advisors may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act ("ERISA"). ERISA regulations require that specific disclosures be made to the retirement plan sponsor, administrator, trustee or other plan representative. The following index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and Paragraphs 1-2, 4-5, 8 of the client's investment management agreement.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A and Paragraph 11 of the client's investment management agreement.
Description of the direct compensation to be paid to Advisor	Item 5 of this Form ADV Part 2A and Paragraph 3 of the investment management agreement.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 12, 14 and 15 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Items 14 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 4 of this Form ADV Part 2A.

Item 4 - ADVISORY BUSINESS

Years in business: Since 2005

Registration status: Registered with the SEC on June 3, 2005[1]

Principal owners: Elana M. Lieberman and Lorne Abramson

ADVISORY SERVICES

ELM Advisors, LLC, manages the securities investments of its clients and offers independent investment and financial advice. We are compensated on a fee basis, as a percentage of the assets placed under our management, and not on commissions charged for securities transactions. Because of this fee arrangement, our interests are closely aligned with those of our clients — we are all working for the long-term growth and preservation of client wealth. ELM Advisors provides investment management services in a fiduciary capacity and places the interests of its clients above those of the Firm and its employees. Each of its investment decisions and recommendations are made in service of its clients' best interests. To cultivate long-standing, ongoing relationships with our clients, and in order to provide highly personalized, premium service for a select roster of clients, we are a small boutique advisory firm by design.

The investment management services we provide are based on each individual client's financial circumstances and investment objectives. ELM Advisors' portfolio managers meet with each client to discuss the client's current financial condition and to review the client's current investment holdings. Based upon each client's circumstances, our portfolio managers determine an appropriate asset allocation for the client's investment portfolio, in accordance with the client's specific financial objectives and risk tolerance and in consideration of other factors, including the client's time horizon (education funding, home purchase, retirement, legacy planning), liquidity needs, and other available resources (including external retirement plans, projected social security, outside investments, real estate, and insurance). Also considered are capital gains consequences in taxable accounts, the client's marginal tax bracket, and any further contributions/inflows into the investment accounts. We also attempt to maximize tax efficiency in terms of asset location—determining which components are suitable for taxable versus tax-sheltered accounts. Each client's financial objectives, risk tolerance, and liquidity needs, along with a recommended asset allocation, are documented in a written investment policy statement that is customized to the client and updated annually or if the client's needs change. Clients may identify any investment restrictions to be placed on their account, and these are documented in the investment policy statement as well.

As a part of our investment advisory services, and at no extra charge, we also offer financial planning services to our clients. Financial planning services may include analysis and planning in the areas of cash flow requirements, education funding needs, risk

[1] "Registration" implies that the firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

management, investments, financial independence strategies, retirement planning, and/or transition planning.

Although we offer to consult with our clients' estate attorneys and tax professionals, our portfolio managers do not provide clients with tax, legal, or accounting advice, and clients are advised to consult their own attorneys and accountants for determining the tax, legal, and accounting consequences of investments made on their behalf.

ELM Advisors generally requires clients to place a minimum of $1,000,000 under management with the Firm. Multiple client accounts may be aggregated to meet this minimum. Under certain circumstances, and at its sole discretion, the Firm may waive or alter the minimum account size requirement.

A client may make additions to and withdrawals from his or her investment account at any time, subject to ELM Advisors' right to terminate an account if the amount of assets drops below our minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of their investment objectives.

Additions to an account may be in cash or securities provided that our portfolio managers may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be-subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Fiduciary Status

ELM Advisors is a fiduciary under applicable federal regulations and as a fiduciary, is obligated to provide services and advice that is in the best interest of each client.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 2016

Discretionary assets:	$218,013,637
Nondiscretionary assets[2]:	$ 58,912,911
TOTAL	$276,926,548

[2] ELM Advisors no longer accepts investment management authority over non-discretionary accounts. See Item 13, below.

TERMINATION OF AGREEMENT

Clients may terminate their investment management agreement upon written notice to ELM Advisors. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Because fees are charged in arrears, any earned fees owed to the Firm will be paid from the client's account on a pro rata basis.

If a copy of this Form ADV Part 2A disclosure statement is not delivered to the client prior to or at the same time that the client enters into a written advisory contract with ELM Advisors, the client has the right to terminate the contract without penalty within five (5) business days after entering into it. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are nonrefundable.

Item 5 - FEES AND COMPENSATION

ADVISORY FEES

For its portfolio management services, ELM Advisors charges a blended fee based on a percentage of the assets under management. There are no separate fees for financial planning services. All fees are payable quarterly in arrears, based on the market value of the portfolio on the last day of the preceding calendar quarter. For new accounts, we charge a fee based on the value of the assets placed in the account, prorated from the portion of the calendar quarter during which the assets were under management by the Firm. Our standard fee schedule is as follows:

Market Value of Portfolio Assets Under Management	Annual Fee as % of Assets
On that portion of the Account of up to $1 million	0.75% plus
On that portion of the Account above $1 million up to $3 million	0.50% plus
On that portion of the Account above $3 million up to $5 million	0.25% plus
On that portion of the Account above $5 million up to $10 million	0.15% plus
On that portion of the Account above $10 million	Negotiated

On occasion, we may negotiate a different investment advisory fee with a client based on the nature and complexity of the client's account.

Clients authorize ELM Advisors to deduct its management fees directly from the client's investment accounts held at the custodian. The custodian sends an account statement to the client monthly indicating the value of the assets held in the account and the amount of investment management fees, if any, that were paid that month. Each quarter, ELM Advisors sends clients a summary of the quarterly management fee charged. This report includes the fee calculation and the total amount deducted from each account. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated. Clients should discuss any discrepancy in fees with us within 30 days of the billing date.

Clients will incur certain charges imposed by their custodians and other third parties, such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees, and commissions are in addition to ELM Advisors' investment management fee.

GENERAL FEE DISCLOSURE

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by ELM Advisors.

ELM Advisors receives no sales commissions on investment products purchased or sold for client accounts.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Please see Item 12 below for an explanation of our brokerage practices. Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

FUND DISCLOSURES

Investment vehicles such as mutual funds, closed-end funds, exchange traded funds and alternative investment funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage and other expenses and their sponsors typically compensate themselves through fees charged directly to the fund. Clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested in addition to the advisory fee charged by ELM Advisors.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, “indirect” fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by ELM Advisors. As required by law, a prospectus represents the fund’s complete disclosure of its management and fee structure. In addition, a fund’s prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission). The client’s custodian may also impose a fee on the transaction.

Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT

ELM Advisors does not charge performance related fees. No part of the investment management fee is calculated as a percentage of the capital gain or capital appreciation of assets.

Item 7 - TYPES OF CLIENTS

Our clients include individuals, foundations, businesses, and pension plans. ELM Advisors generally requires advisory clients to maintain a minimum account value of $1,000,000, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Our portfolio managers rely on leading industry and academic research to inform ELM Advisors’ investment strategy. We use a variety of financial and economic sources to study various asset classes, including third-party academic research materials, financial newspapers and magazines, corporate rating services, and corporate annual reports, prospectuses, and regulatory filings. We continually assess the respective return/risk characteristics of each security bought and sold.

INVESTMENT STRATEGY

ELM Advisors believes asset allocation (as opposed to market timing and individual security selection) is the primary determinant of portfolio performance over the long term. Other underlying tenets of our investment philosophy are: broad diversification, low portfolio turnover, and high sensitivity to “frictional” costs and tax efficiency.

To implement our investment strategy, we employ various broad-based, well-diversified cost- and tax-efficient investment vehicles as core building blocks, particularly with regard to equities. We sometimes augment these diversified vehicles, primarily funds, with a diversified set of individual securities, particularly when a client holds positions in taxable accounts that are transferred to ELM Advisors at the start of a management relationship. In these cases, we may be reluctant to eliminate the positions entirely, in order to mitigate taxable gains. We may also construct our own diversified basket of individual securities, to be held for the long term. We generally select out-of-favor and more value-oriented stocks of established companies, with long-term track records, solid balance sheets, strong free cash flow generation, and high returns on invested capital. For additional diversification, and depending on valuation merit, we may employ discounted closed-end funds.

The primary focus for our fixed-income strategy is capital preservation, in light of specific client income and spending requirements. Fixed-income exposure is maintained through a staggered maturity ladder of individual bonds and may be supplemented by fixed-income focused index and passive asset class funds and/or discounted closed-end funds.

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, inflation risk, interest rate risk, reinvestment rate risk, liquidity risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

Domestic and International Equities

Investment Style Risk. The Advisor’s judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security in which a client invests may prove to be incorrect and there is a no guarantee that the Advisor’s judgment will always produce the intended results.

Market Risk. Securities traded on securities exchanges are subject to demand and supply conditions. Investors could receive less than the original investment amount when they sell a security if the demand for that security has fallen. Prices generally reflect investors' confidence in the economy, interest rates, and many other factors. Investors must be able to tolerate such price movements.

Inflation. Inflation is the loss of purchasing power that results from a general rise in prices. Portfolios may respond either positively or negatively to inflation, but the likelihood is that investors will experience a change in purchasing power that is less advantageous than suggested by nominal measures of return. For example, with inflation, a portfolio designed to distribute a 4% return as current income will experience a decline in purchasing power unless the portfolio strategy is adjusted to take inflation into account.

Price Fluctuation. Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

Interest-rate Fluctuation. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Currency Fluctuation. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment of Dividends. We will reinvest interest, dividends and capital gains as appropriate to accumulate wealth based on factors such as ongoing cash needs and tax lost harvesting opportunities. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate of return than was initially projected.

Sector Risks. A client's portfolio may be over-weighted in certain market sectors; therefore any negative development affecting those sectors will have a greater impact on the client's investments.

Income Risk. Dividends may not be paid if a securities issuer reports an operating loss.

Liquidity Risk. Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

Financial Risk. Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value for the securities issued by such companies.

Mid-Cap and Small-Cap Risk. Stocks of mid-cap and small-cap companies can exhibit greater risk than stocks of larger companies. Many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. Mid-cap and small-cap companies also may lack the managerial, financial, or other resources necessary to implement their business plans or succeed in the face of competition or economic turmoil.

Foreign Stock Market Investing Risk. Investing in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. There is also a chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. This risk is especially high in emerging markets. Stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

Currency Risk. Currency Risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

Emerging Markets Risk. Countries with emerging markets may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions.

Net Asset Value and Market Price Risk. The market value of ETF shares may differ from their net asset value. This difference in price may be due to the fact that the supply and demand in the market for the ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF share trades at a premium or discount to its net asset value.

Tracking Risk. ETFs in which a client invests will not be able to replicate exactly the performance of the indices they track because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, the ETFs will incur expenses not incurred by their applicable indices. Certain securities comprising the indices tracked by the ETFs may, from time to time, temporarily be unavailable, which may further impede the ETF's ability to track their applicable indices.

Short-term purchases – While we generally purchase securities with the intent to hold them for more than a year, we may on occasion determine to buy or sell securities in a client’s account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security’s value.

Short Sale Trading. Short Sale Trading, or “shorting” involves a great amount of risk and is not advocated by the Firm, nor is it a part of its investment strategy. In rare cases, short selling may be used as directed by client to achieve specific goals.

Margin Trading. In some cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. The client’s custodian may require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

REITS – Publicly Traded Real Estate Investment Trusts (“REITs”) are companies that own and operate income-producing real estate or related assets. Because REITS are traded publicly, on national securities exchanges, they are subject to the same general risks as those of stock trading such as market risk and income risk. In addition, investments in REITS may involve: Concentration risk - the value of a REIT is derived from one or only a few properties; Liquidity risk - a REIT may be relatively less liquid compared to funds investing in financial securities such as stocks and bonds; Leverage risk **-** if a REIT uses debt to finance the acquisition of underlying properties, the assets of the REIT will be used to pay off debtors first; and Refinancing risk **-** higher refinancing cost or stricter underwriting standards when loans are due for renewal.

<u>Fixed Income</u> - Potential risks with fixed income (i.e. bond) investments:

Interest Rate Risk. Security price and total return will vary in response to changes in interest rates. If rates increase, the market value of bonds generally will decline, as will the value of your investment. Securities with longer maturities tend to produce higher yields, but are more sensitive to changes in interest rates and are subject to greater fluctuations in value.

Credit Risk. A bond issuer’s credit rating may change, which can cause price volatility, and in the case of a credit rating downgrade, lower prices.

Inflation Risk. Inflation causes tomorrow’s dollar to be worth less than today’s; in other words, it reduces the purchasing power of a bond investor’s future payments and principal, collectively known as “cash flows.” Inflation also leads to higher interest rates, which in turn leads to lower bond prices. Inflation-indexed securities such as Treasury Protection Securities (TIPS) are structured to limit inflation risks.

Bond Market Risk. The risk that the bond market as a whole would decline, bringing the value of individual securities down with it regardless of their fundamental characteristics.

Liquidity Risk. The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit ratings downgraded or bonds that sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume.

Default Risk. The possibility that a bond issuer will be unable to make interest or principal payments when they are due. If these payments are not made according to the agreements in the bond documentation, the issuer can default.

Reinvestment Risk. When interest rates are declining, investors have to reinvent their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Call Risk. Some corporate, municipal and agency bonds have a “call provision” entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor’s principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. (See also Reinvestment risk.) If the bond is called at or close to a par value, as is usually the case, investors who paid a premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Prepayment Risk. For mortgage-backed securities, the risk that declining interest rates or a strong housing market will cause mortgage holders to refinance or otherwise repay their loans sooner than expected and thereby create an early return of principal to holders of the loans.

Government Risk. The U.S. government’s guarantee of ultimate payment of principal and timely payment of interest on certain U.S. government securities does not imply that shares are guaranteed or that the price of the shares will not fluctuate. In addition, securities issued by Freddie Mac, Fannie Mae and Federal Home Loan Banks are not obligations of, or insured by, the U.S. government. If a U.S. government agency or instrumentality in which a client invests defaults and the U.S. government does not stand behind the obligation, the share price could fall.

Legislative Risk. The risk that a change in the tax code could affect the value of the taxable or tax-exempt interest income.

Item 9 - DISCIPLINARY INFORMATION

Neither ELM Advisors nor any principal or employee of the Firm has any disciplinary disclosures.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ELM Advisors is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients use Fidelity Brokerage Services LLC (“Fidelity”) as the custodian for their investment accounts, ELM Advisors is not an affiliate of Fidelity. Fidelity is a registered broker-dealer regulated by the Financial Industry Regulatory Authority (“FINRA”) and members of the Securities Investors Protection Corporation (“SIPC”). Fidelity is independently owned and operated and does not supervise or otherwise monitor ELM Advisors’ investment management services to its clients. Neither Lorne Abramson nor Elana Lieberman is a registered representative of any broker-dealer, including Fidelity.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax issues, or other matters, neither ELM Advisors nor its principals or employees are affiliated with any law or accountancy firm.

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

ELM Advisors has adopted a code of ethics to govern our personal trading practices and those of our employees. The Firm and its employees and their immediate families (collectively referred to as “employees”) are permitted to buy and sell securities for their personal investment accounts. ELM Advisors’ principals, officers, and employees are required to report all personal securities transactions to the Firm on a regular basis. Employees are required to sign an annual certification agreeing to abide by ELM Advisors’ personal trading practices and code of ethics.

Employees are required to obtain preapproval from ELM Advisors’ chief compliance officer for each personal securities transaction, with the exception of personal trades in:

- Direct obligations of the United States government
- Open-end investment company shares, including money market mutual funds (unless the Firm acts as the investment advisor to the fund)
- Money market instruments (including banker’s acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt instruments, including repurchase agreements)
- Transactions in units or a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds

ELM Advisors’ employees may trade in the same securities traded for clients. However, it is the policy of ELM Advisors not to give preference to employee transactions. Employees may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, employee trades will always be executed after client trades at the end of the trade day.

Employees may buy or sell different investments, based on their personal considerations that ELM Advisors may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell for their personal account, and based on personal investment considerations, specific securities aside from company or industry fundamentals that are not deemed appropriate to buy or sell for clients. For example, employees may purchase securities such as speculative stocks, micro-cap stocks, and penny stocks that are not suitable for clients at the time of purchase. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of ELM Advisors' clients, sometimes in advance of clients. This occurs when personal considerations (such as liquidity needs, tax planning, or industry/sector weightings) make a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as creating a conflict of interest.

A copy of ELM Advisors' employee trading policies and code of ethics is made available to clients and prospective clients upon request.

Item 12 - BROKERAGE PRACTICES

RECOMMENDATION OF FIDELITY AS CUSTODIAN AND EXECUTING BROKER

ELM Advisors recommends that clients establish brokerage accounts with Fidelity to maintain custody of their investment assets and to effect trades for their accounts. Our evaluation of Fidelity considered a number of factors, some of which are transaction fees, custodial fees charged for holding securities, commission rates, interest charges on debit balances, interest credits on credit balances, quality of execution and record keeping and reporting capabilities. Based upon our evaluation of these criteria, and not based solely on relative costs or commission rates, we elected to recommend that our clients retain Fidelity as custodian for their assets. Fidelity provides services through its transaction processing and record-keeping platform that benefit ELM Advisors and its clients, including brokerage, custodial, administrative support, record keeping, and other services. Most client securities transactions are executed through Fidelity to avoid "trade away" fees that would result from executing trades at other broker-dealers. The services provided by Fidelity include at least monthly account statements to clients.

Fidelity provides ELM Advisors with access to institutional trading and custody services, which typically are not available to retail investors. These services generally are available to ELM Advisors on an unsolicited basis, at no charge to them, so long as a minimum percentage of the ELM Advisors' client assets is maintained in accounts at Fidelity.

Further, these services are not otherwise contingent upon ELM Advisors committing to any specific amount of business (in the form of either assets in custody or trading).

Fidelity makes available to ELM Advisors other products and services that benefit ELM Advisors but may not directly benefit its clients. Some of these other products and services assist ELM Advisors in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts); providing research, pricing information and other market data; facilitating payment of ELM Advisors' fees from its clients' accounts; and assisting with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of ELM Advisors' accounts, including accounts not maintained at Fidelity. Fidelity also makes available to ELM Advisors other services intended to help ELM Advisors manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity may make available, arrange and/or pay for these types of services to ELM Advisors by independent third parties. They may discount or waive fees they otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to ELM Advisors. Fidelity may provide other benefits such as educational events or business entertainment to ELM Advisors personnel.

We strive to minimize the total cost for all brokerage services paid by our clients. However, it may be the case that Fidelity charges a higher fee for a particular type of service than can be obtained from another broker or that the total costs of all services provided by Fidelity may be higher than can be obtained at another broker. Nevertheless, ELM Advisors has made a good faith determination that such costs are reasonable in relation to the value of brokerage services provided by Fidelity, viewed in terms of our overall responsibilities to our clients.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

ELM Advisors is not a party to any arrangements whereby a broker-dealer, including Fidelity, purchases or provides at no charge research products or brokerage services (known as "soft dollar" products or services) in exchange for directing brokerage transactions to that broker-dealer. At the time we selected Fidelity as the recommended custodian of our client accounts, Fidelity provided, at no charge to us, client account management software known as the Advent Axys program, which interfaces with Fidelity's trading platform and enables our portfolio managers to have access to client account holdings and transactions. This account management program, while not tied to a specific amount of commissionable trade executions, was given to ELM Advisors in anticipation that most of its clients' securities transactions would be executed through Fidelity.

AGGREGATION OF TRADES AND POTENTIAL CONFLICTS

ELM Advisors may aggregate orders for more than one client and submit them together if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to obtain a better transaction price. We do not aggregate securities transactions for client accounts unless we believe that aggregation is consistent both with our duty to seek best execution and with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are charged to each client by the client’s custodian according to the client’s custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another. Client transactions may be aggregated according to custodial relationship in consideration of “trade-away” charges that may be imposed if trades are directed to a noncustodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by our firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice to and take action with respect to any of our clients that may differ from the advice we give to or the timing or nature of the action we take with respect to any other client, based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. ELM Advisors is not obligated to acquire for any client account any security that ELM Advisors or its owners, officers, employees, or affiliated persons may acquire for their own accounts or for the account of any other client if, in the discretion of the portfolio managers and based upon the client’s financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

Item 13 - REVIEW OF ACCOUNTS

ELM Advisors’ principals and portfolio managers, Lorne Abramson and Elana Lieberman, monitor client investment accounts. Securities transactions are monitored on a daily basis. Each client account is reviewed internally at least quarterly to review asset allocation and investment holdings. Account performance reports are prepared at least annually. More frequent reviews may be triggered by material changes in the financial markets, changes in ELM Advisors’ investment strategy, and/or changes in individual client circumstances.

ELM Advisors consults with each client upon request to review the client’s account and update the client’s investment goals and restrictions, if necessary. We update each client’s investment policy statement at least annually. Clients are encouraged to notify Ms. Lieberman and Mr. Abramson immediately of any material change in their personal and/or financial situation.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

ELM Advisors does not pay referral fees to any third-party firms or individuals for recommending the Firm to prospective clients, nor is ELM Advisors or its employees paid referral fees by any third party for referring clients to their businesses.

ELM Advisors' employees are not paid sales awards or other prizes for referring clients to the Firm.

Item 15 - CUSTODY

ELM Advisors does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker-dealer, bank, or trust company. ELM Advisors is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with his or her custodian and is responsible for making deposits to and withdrawals from the account as necessary. ELM Advisors is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party.

We recommend that clients create their investment accounts at Fidelity. Fidelity sends account statements directly to the client (and/or to an independent third-party representative designated by the client) at least monthly showing all funds and securities held, their current value, and all transactions executed in the client's account, including the payment to ELM Advisors of its investment management fees. Clients are advised to review these statements routinely and to compare them to the client account reports prepared by the Firm. ELM Advisors' clients also have access to their accounts 24/7 through Fidelity's website, www.Fidelity.com.

ELM Advisors sends a separate report to each client quarterly, showing the current asset allocation of the account and a summary of assets held in the account. Clients are advised to regularly compare the assets and holdings listed on their ELM Advisors account report with those listed on the custodian's account statements.

Item 16 - INVESTMENT DISCRETION

Clients appoint ELM Advisors as their investment advisor and grant full trading and investment power over their assets at the time they establish their investment accounts at Fidelity. Subject to ELM Advisors' investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys or sells;

- The amount of securities to buy or sell; and
- The broker-dealer to be used in the transaction

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, ELM Advisors will negotiate the commission rates at which transactions for client accounts will be effected, with the objective of attaining the most favorable price and market execution for each transaction.

Client securities transactions are executed through Fidelity to avoid “trade-away” fees for trades that are executed at other broker-dealers. In some cases, a particular security may be not be available through Fidelity, or may be available only under execution parameters or at an overall cost that makes the use of an alternative executing broker more advantageous for that transaction. In such cases, the portfolio managers have the discretion to select the broker to execute the trade.

Item 17 - VOTING CLIENT SECURITIES

ELM Advisors does not vote proxy solicitations received on behalf of clients from the issuers of securities held in client’s account. The client retains the authority to vote on all proxy matters and is encouraged to direct Fidelity to forward all such solicitations to the client for voting. Any client wishing to review our proxy voting policies in full may request a copy from us at his or her convenience.

Item 18 - FINANCIAL INFORMATION

ELM Advisors does not require or solicit prepayment of management fees from clients six months or more in advance. There are no adverse conditions related to the Firm’s finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.