

# aeolian

ADVISORS CORPORATION



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**Firm Brochure**  
CRD # 167526  
(Part 2A of Form ADV) ®

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This disclosure document ("Brochure" or Form ADV Part 2a) provides information about the qualifications and business practices of Aeolian Advisors® Corporation ("Aeolian Advisors"). If you have any questions about the contents of this Brochure, please contact us by email at: contact@aeolianadvisors.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

The provision of this Brochure is not required in connection with investment company contracts; or, contracts for impersonal advisory services requiring payment of less than \$200.

Aeolian Advisors is an investment adviser registered

in the State of New York. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Aeolian Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This website also provides information about any persons affiliated with Aeolian Advisors who are registered or are required to be registered as investment adviser representatives of Aeolian Advisors.

Bruce D. Forrest, MD, MBA  
President & Sole Owner  
Aeolian Advisors  
PO Box 444  
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## Item 2 – Material Changes

### A. Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

### B. Material Changes Since the Last Update

There have been no material changes since the last update.

### C. Full Brochure Available

We will further provide you with a new Brochure as necessary based on changes or new information, at anytime, without charge.

Our Brochure is available without charge from our web site, [www.aeolianadvisors.com](http://www.aeolianadvisors.com), or it may be requested by contacting Aeolian Advisors at [contact@aeolianadvisors.com](mailto:contact@aeolianadvisors.com).

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## Item 4 – Advisory Business

### A. Firm Description

Aeolian Advisors Corporation (“Aeolian Advisors”) is an independent investment advisory firm incorporated under the laws of the State of New York in March 2013, and is located geographically in the State of New York.

Aeolian Advisors provides confidential investment advisory services on the securities of small and emerging growth biotechnology/biopharmaceutical and medical device companies, including the rendering of advice, reports, or analyses related to specific securities to very select clients.

The term, “emerging growth company” means one that reports total annual gross revenues of less than \$1,000,000,000 during the most recent completed fiscal year.

This definition of a small, emerging growth company is that used by the Jumpstart Our Business Startups Act (“JOBS Act”) which amended both the Securities Act of 1933, Section 2(a) (15 USC 77b(a)) and the Securities Exchange Act of 1934, Section 3(a) (15 USC 78c(a)).

#### Principal Owners

Bruce D. Forrest, President, is a 100% stockholder, and is also the sole Investment Advisor Representative (“IAR”) with the firm. More information can be found at the following LinkedIn profile summary: <http://www.linkedin.com/in/bruceforrest/>

Aeolian Advisors ownership is associated with the consulting firms, B D Forrest & Company, Inc. and Equitas Bio/Pharma Solutions, LLC and is compensated for participating in non-securities activities (eg, consulting and advising on licensing and partnering activities for pharmaceutical or medical device product development) involving small and emerging growth biopharmaceutical and medical device companies. More information on the role of B D Forrest & Company can be found at [www.forrestnewyork.com](http://www.forrestnewyork.com).

Aeolian Advisors ownership also provides investment banking services in the role of Vice President – Investment Banking to Young America Capital, LLC as a registered representative (independent contractor) and may

be compensated for participating in securities related activities as a placement agent for client life science oriented firms contracted with Young America Capital, LLC. More information concerning Young America Capital, LLC may be obtained from their website at [www.yacapital.com](http://www.yacapital.com).

### B. Advisory Services Offered & Specialty Focus

Aeolian Advisors works with clients to identify appropriate investment opportunities among small and emerging growth biotechnology and medical device companies, offering to develop and identify suitable opportunities to allow inclusion into or the development of a diversified portfolio for: investment companies (including “business development companies” that have made an election pursuant to section 54 of the Investment Company Act of 1940); pooled investment vehicles (other than investment companies); and, businesses (other than small businesses) or institutional clients.

Such investments may serve part of a broader investment portfolio.

Among the spectrum of emerging growth firms, Aeolian Advisors’ focus is on those that are either privately held or thinly-traded bulletin board listed securities, typically have no revenues and no prospects for any near or mid-term revenues. As such they must be considered very high risk, speculative, illiquid investments. Illiquid investments can be difficult to sell and value due to limited market participants, infrequent transactions, complex structures or highly uncertain future performance. In some cases, it can take years to realize a return on the investment.

These are not investments suitable for most retail clients, and require a significant tolerance for risk, and understanding of the underlying technology or products being developed and typical exit strategies.

Part or all of the investment may be diluted, lost or otherwise not recoverable.

### C. Focus on Client Needs

Aeolian Advisors will review with each client their investment objectives and risk/return tolerance and may recommend investments or provide advice regarding particular securities; and advice regarding the securities markets in general. The advisory services offered are tailored to the

individual needs of each client. Clients may impose restrictions on investments in certain securities or types of securities that might be considered; however, such restrictions may impact the performance of the client's account.

The client is at liberty at all times to follow or disregard, in whole or in part, and recommendations or advice provided.

Through its ability to access the scientific and technical resources of B D Forrest & Company, Inc. (of which Dr. Forrest is the sole owner and President), Aeolian Advisors is able to provide a higher level of granularity in the analyses that address the scientific and technical aspects of any specific investment opportunity in this space helping to provide an additional assessment of risk and probability of success of the particular opportunity's portfolio.

Scientific and technical due diligence provides a critical function in the decision-making concerning the investment decisions involving these small & emerging growth biotechnology and medical device companies. Not simply financial due diligence, but also scientific, technical, and regulatory (pharmaceutical and medical device), as the quality of the underlying intellectual property, stage of development, drug or device approval pathway, emerging safety and/or efficacy profile or sensitivity/specificity, being able to estimate the position of the opportunity within the greater healthcare market, and pharmaceutical and medical device development experience of key management, can all significantly affect the valuation and probability of an eventual return on the investment.

#### **D. Wrap Program Participation**

Aeolian Advisors neither sponsors, offers, nor participates in a wrap fee program.

#### **E. Management of Client Assets**

Aeolian Advisors does:

- NOT hold client funds nor securities, nor advises on nor recommends any particular firm for doing so;
- NOT trade securities on the client's behalf nor recommends any particular firm (eg, broker-dealer) for doing so;
- NOT have discretionary authority over any client account; and,
- NOT manage client assets.

## **Item 5 – Fees and Compensation**

Due to the challenging and often unique nature of the small and emerging growth biotech and medical devices companies' market segment, the provision of advisory services and recommendations requires a more extensive exploration of each specific investment opportunity. Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion.

#### **A. Fees Schedule for Aeolian Advisors Advisory Services**

Fees for Aeolian Advisors investment advisory services are negotiated with the client and typically involve one of the following forms, either:

- A negotiated flat fee that will generally not exceed \$50,000 for a single identified opportunity; or,
- An hourly rate of \$500 per hour, based on the expected number of hours spent in consultation with the client, preparing an appropriate analysis of the investment opportunity(ies) plus reimbursement for out-of-pocket expenses incurred for the service.
- If the work estimate exceeds 20 hours it is recommended that the client consider a flat fee arrangement as being more cost effective for the client; or,
- An annual fee not exceeding \$250,000, negotiated based on the estimated time to be spent in consultation with the client and providing analyses of investment opportunities throughout the year.

However, due to the complexity of some client situations, the nature of the investments, and complexity of the target investments, a higher fee may be negotiated. In such instances, Aeolian Advisors' will submit a summary of the proposed work to be performed to the client prior to the execution of any advisory agreement recognizing that the particular client situation and/or proposed work may substantiate a higher fee or alternative fee structure. The specific manner in which advice fees are charged for each client is established in that client's advisory agreement.

Aeolian Advisors neither receives nor accepts compensation for the sale of any recommended securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **B. Fee Billing**

Aeolian Advisors' fees are billed monthly in arrears, in some situations on a pro-rated basis, over the agreed period at the time of the engagement. This means that we invoice the client after the monthly period has ended. Payment in full is expected upon invoice presentation.

Aeolian Advisors prefers that all fees are paid by wire transfer from a designated client account held at a third party institution.

## **C. Other Fees of Expenses Associated with the Advisory Services**

### **1. Third Party Scientific and Technical Consultants**

Frequently, finding a specific opportunity to meet a client's needs also requires the use of compensated external scientific, technical, and drug development consultants to provide non-securities and non-financial scientific, technical, market opportunity, and marketing authorization assessments of any specific opportunity.

### **2. "Out of Pocket" and "Pass Through" Expenses**

Because there is frequently very limited information available for many of the small and emerging growth biotechnology/biopharmaceutical and medical device companies, out of pocket expenses may be incurred by Aeolian Advisors for certain clients seeking companies with certain product development opportunities or technology platforms requiring Aeolian Advisors to perform more detailed on-site analyses of the potential investment opportunity (company). These specific out-of-pocket expenses would be pre-approved by the client, and typically be related to travel (eg, transportation and accommodation expenses) to assess an opportunity.

Services provided by third party suppliers of intellectual property, scientific, technical, pharmaceutical or medical device regulatory and product or device marketing/commercial due diligence and assessment performed to better establish the valuation and risk associated with a particular investment opportunity will be subject to separate fees determined by that particular third party supplier and treated either as a separate services contract with that supplier or be

processed as a pass-through charge to the client through Aeolian Advisors without mark-up or adjustment. All estimated fees for these additional services will be disclosed to the client prior to the execution of an advisory agreement.

### **3. Additional Compensation**

Aeolian Advisors or Aeolian Advisors' IARs may receive additional compensation from the client as reimbursement of expenses required to meet client's investment objectives for attendance at due diligence meetings, and, research.

## **D. Termination of Services and Refund Policy**

A client may terminate any of the aforementioned agreements at any time by notifying Aeolian Advisors in writing and paying the applicable charges for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Aeolian Advisors will refund any unearned portion of the advance payment. The amount of refund due will be determined based on either the number of days remaining on the contract or the proportion of the work completed as applicable and as outlined in the investment agreement ("contract").

Aeolian Advisors may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Aeolian Advisors will refund any unearned portion of the advance payment.

The amount of refund due for fixed fee contracts will be determined based on either the number of days remaining on the contract or the proportion of the work completed as applicable and as outlined in the contract.

With respect to all other services:

1. If a client did not receive this Brochure at least 48 hours prior to entering into the advisory agreement ("contract") then the client may terminate the advisory agreement without penalty by written notice to Aeolian Advisors within 5 business days from the date of client's acceptance of the advisory agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of Aeolian Advisors' receipt of the notice of the termination of the agreement.

2. However, if a client did receive this Brochure at least 48 hours prior to entering into the advisory agreement (“contract”) or once work has begun or advice has been provided, any refunds will be prorated, commensurate with the amount of work performed and/or advice provided by Aeolian Advisors, and the outstanding balance due Aeolian Advisors must be paid in full within 30 calendar days of the termination of the contract.

Client pre-authorized out-of-pocket expenses (as detailed above) incurred prior to termination of the contract will be required to be paid in full to Aeolian Advisors by the client within 30 calendars days of the termination of the contract.

Client pre-authorized fees incurred by third party scientific and technical advisors will be either subject to the terms of any separate agreement with those parties if so executed, or, if treated as a pass-through expense through Aeolian Advisors, will be subject to the payment terms in the contract with Aeolian Advisors, and may require payment in full for those non-securities-related specialist activities.

#### **E. Compensation for the Sale of Securities or Other Investment Products**

Neither Aeolian Advisors nor its IAR nor any other supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Aeolian Advisors does not participate in any performance-based fees or side-by-side management programs. Our fees are not based on a share of the capital gains or capital appreciation of recommended securities. Aeolian Advisors does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may not meet the suitability requirements for the client.

## **Item 7 – Types of Clients**

### **A. Description**

Aeolian Advisors provides investment advisory services to:

1. Private investment funds, such as hedge funds and private equity funds;
2. Venture Capital funds (including corporate venture capital funds);
3. Investment companies established under the Investment Company Act (1940);
4. Family offices (defined in the SEC release 2011-134 as being entities established by wealthy families to manage their wealth and provide other services to family members, such as tax and estate planning services);
5. Banks;
6. Broker-dealers;
7. Corporate pension and profit-sharing plans;
8. Charitable institutions;
9. Foundations;
10. Endowments;
11. Municipalities;
12. Corporations; and,
13. Other U.S. and international institutions (“institutional investors”).

Consideration will be given to providing advice to other, “qualified investors”. A qualified investor is defined by the SEC (release 2012-29) as having a minimum of \$1 million in assets under management with an adviser, or a net worth of at least \$2 million.

The SEC has defined a venture capital fund (release 2011-133) as being a private fund that:

1. Invests primarily in “qualifying investments” (generally, private, operating companies that do not distribute proceeds from debt financings in exchange for the fund’s investment in the company); may invest in a “basket” of non-qualifying investments of up to 20 percent of its committed capital; and may hold certain short-term investments.
2. Is not leveraged except for a minimal amount on a short-term basis.
3. Does not offer redemption rights to its investors.
4. Represents itself to investors as pursuing a venture capital strategy.

### **B. Account Minima**

Because Aeolian Advisors does not hold client accounts, client securities, nor have any discretionary authority over a client’s account no

matter where such accounts are held, there is no required minimum account size.

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

### A. Methods of Analysis

Aeolian Advisors uses information, reports, and data from various sources, but the investment decisions that are made on behalf of clients are based primarily on Aeolian Advisors' own internal research and analysis, as well as the experience of Aeolian Advisors' key personnel. In addition, research information or specialty technical and scientific assessments from third parties (as described above), including published reports of companies and other issuers, general economic data, and governmental publications and data compilations may be used.

For the most part, small and emerging growth companies are often pre-revenue. This means that they are spending corporate funds and money from investors on the discovery and development of new pharmaceutical agents or medical devices, and have no revenues from sales.

That means that traditional financial models of valuation, such as charting, analysis of investment fundamentals; technical analysis; and cyclical analysis are often less useful in the provision of advice regarding specific recommended investments.

Aeolian Advisors understand that the value in these companies is tightly linked to a selection of characteristics that differ in many instances from the traditional financial assessments. This includes but is not necessarily not limited to:

1. The therapeutic area on which the company is operating (for example, is the company investing in the discovery of new and emerging therapies for a specific disease?);
2. What is the current size and projected growth of the market for that specific therapy?
3. What is the competitive landscape? (that is are there other companies currently selling or developing products for this or related conditions, and are they large companies or small companies?)
4. What is the healthcare situation like for the treatment of this disease in key markets, including health insurance and patient reimbursement policies?
5. Is there a clear regulatory pathway forward to

permit marketing authorization in the key markets? (eg, has the US FDA published guidance on drug development in a specific therapeutic area?)

6. What is the quality and experience of the company management?
7. What is the quality and experience of any advisory boards to the management of the company?
8. What is the status of the intellectual property that underpins the product or technology of the company? A small and emerging growth company can be highly vulnerable to the loss of their patent protection, denial of approval of patent applications, all of which will significantly impair that value of the underlying pharmaceutical or medical device asset upon which the company is built.
9. Can the company's expenses be determined? The "burn rate" which will determine how much money it really needs to remain operating. In particular the cost of pre-clinical development, and the time and cost of the clinical trials needed for eventual marketing authorization.
10. Are there any obvious non-dilutive funds available to the company through grants, wards, or licensing and partnering opportunities with other companies in this market space?
11. In addition, a company that represents a specific investment opportunity may also have its biopharmaceutical and medical device product development portfolios subjected to risk-adjusted net present value estimations and scenario analyses when such numbers can be obtained, estimated, or otherwise determined.

Comparable valuations based on finding companies with similar characteristics and products in similar stages of development and/or in similar therapeutic areas that are publicly traded can also help guide Aeolian Advisors in identifying undervalued opportunities for our clients.

As should be evident, scientific and technical due diligence provides a critical function in the decision-making concerning these types of investment opportunities. Aeolian Advisors provides information not simply from financial due diligence, but also scientific, technical, and regulatory, as the quality of the underlying intellectual property, stage of development, drug or device approval pathway, emerging safety

and/or efficacy profile or sensitivity/specificity, as does being able to estimate the position of the opportunity within the greater healthcare market all can significantly affect the valuation and probability of an eventual return on the investment.

Through its ability to access the scientific and technical resources of B D Forrest & Company, Inc., Aeolian Advisors is able to provide a higher level of granularity in the analysis that addresses the scientific and technical aspects of any specific investment opportunity in this space helping to provide an additional assessment of risk and probability of success of the particular opportunity's portfolio.

## **B. Investment Strategy**

Aeolian Advisors' investment strategy includes the objective of offering very specific opportunities in equity securities among the small and emerging growth biopharmaceutical and medical device companies that balance the very high risk associated with such investments with the opportunity for long term higher than average returns on that investment.

The focus is on companies that are undervalued by our estimates; have strong scientific and business leadership; secured intellectual property that enables them freedom to operate; novel products or technology in diseases or medical areas of high unmet medical need, clear regulatory pathway forward for marketing authorization. Many of these companies are private companies.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

## **C. Material Risks and Risk of Loss**

All investments have certain risks that are borne by the investor. Aeolian Advisors investment approach constantly keeps the risk of loss in mind.

Investors face the following investment risks:

1. **Interest-rate Risk:** 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.
2. **Market Risk:** The price of a security, bond, or

mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political (including regulatory), economic and social conditions may trigger market events. Small and emerging growth companies are often less likely to be subject to changes the general market environment given that they are either private companies or thin-traded. However, they can be affected by changes in healthcare reimbursement policies that might eliminate or constrict a market segment for which their therapy or device was targeted, or due to "class" events in which an emerging adverse event profile will result in regulatory restrictions being placed on a specific class of agent and its use.

3. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. **Currency Risk:** 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. Investing in small and emerging growth companies situated overseas will expose the investor to this risk.
5. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
6. **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, early stage biopharmaceutical companies involved in the discovery of new therapeutics are engaging in a long and expensive (heavily cash intensive) process before they can generate a profit. They carry the potential opportunity of much greater long-term returns than a utility company, which generates its income from a steady stream of customers who buy electricity, water or gas no matter what the economic environment is like, but at a much greater risk. Additional development costs, difficulties in scale-up or manufacturing, excessive hiring, more expensive clinical trials all are part of what is called the "burn rate" – the monthly or annual spend that predicts when these companies might require additional investment cash to

keep growing.

7. **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. With respect to many of the small and emerging growth biopharmaceutical and medical device companies there may be no public market for their stock or it is limited to very few participants, or be restricted stock issued through private placements. Given that many of these companies are issuing equities as part of private placements, and that also includes many of the Bulletin Board traded companies, there is a real risk of dilution of the initial ownership or investment, often many times (“multiple rounds”). This can be off-set through demonstrated growth in value, but this remains a major risk.
8. **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.

Aeolian Advisors specializes in emerging growth biopharmaceutical and medical device companies. Many of the recommended investments are either privately held or thinly-traded bulletin board listed securities, that typically have no revenues and no prospects for any near or mid-term revenues, and as such must be considered very high risk, illiquid investments.

Illiquid assets are investments that can be difficult to sell and value due to limited market participants, infrequent transactions, complex structures or highly uncertain future performance. In some cases, it can take years to realize a return on the investment if any return occurs at all.

These are not investments suitable for most retail clients, and require a significant tolerance for risk, and understanding of the underlying technology or products being developed and typical exit strategies.

**Part or all of the investment may be diluted, lost or otherwise not recoverable.**

Investing in securities involves risk, including the risk of loss of principal that clients should be prepared to bear.

There is no guarantee that investing in a particular security or investment strategy will result in favorable performance for the client. Investment in securities are not deposits of a bank, savings and loan or credit union; are not issued by, guaranteed by, or obligations of a bank, savings and loan, or credit union; and are not insured or guaranteed by the FDIC, SIPC, NCUSIF or any other agency.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Aeolian Advisors or the integrity of Aeolian Advisors’ management.

Aeolian Advisors has no disclosure events.

## Item 10 – Other Financial Industry Activities and Affiliations

### A. Other Financial Industry Activities and Affiliations

Aeolian Advisors has no other financial industry activities and affiliations.

### B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor

Neither Aeolian Advisors nor any management person is a futures commission merchant, commodity pool operator or commodity trading advisor.

### C. Other Industry Arrangements

As discussed in Section 5, Aeolian Advisors may also receive additional compensation as reimbursement for training expenses; reimbursement for attendance at due diligence meetings; and research. All such payments will be made to Aeolian Advisors, and Aeolian Advisors will be responsible for dispersing such received monies to the appropriate IAR based on actual client pre-authorized expenses incurred by the IAR.

In addition Aeolian Advisors ownership is associated with the consulting firm, B D Forrest & Company, Inc. and is compensated for participating in non-securities activities involving small and emerging growth biopharmaceutical

and medical device companies. More information on the role of B D Forrest & Company can be found at [www.forrestnewyork.com](http://www.forrestnewyork.com).

Although an inherent conflict of interest may result from the ownership of Aeolian Advisors receiving such payments for providing non-securities related advice to small and emerging growth companies, all investment advice provided by Aeolian Advisors will be evaluated for suitability, based on the client's individual needs and objectives, and any such conflict will be disclosed to the client at the time of making any investment recommendation.

#### **D. Recommendation of Other Investment Advisors**

Aeolian Advisors does not at present recommend or select other investment advisers for its clients.

### **Item 11 – Code of Ethics**

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

Aeolian Advisors has a written code of ethics that requires us and our personnel to comply fully with all applicable laws, including applicable federal securities laws, in conducting investment advisory services and related activities. Bruce D. Forrest, President, is responsible for overseeing adherence to the code of ethics. The code of ethics is based on the principle that Aeolian Advisors has a fiduciary obligation to our clients. In this fiduciary capacity, Aeolian Advisors must place the interest of our clients before our own interest and the interests of persons and entities that may be related to us. Aeolian Advisors seeks to avoid conflicts of interest with our clients and will take appropriate steps consistent with our code of ethics to resolve any conflicts of interest that may arise. We provide a copy of our code of ethics to any client or prospective client upon request.

A copy of Aeolian Advisors' Code of Ethics may be obtained from the firm at: [contact@aeolianadvisors.com](mailto:contact@aeolianadvisors.com).

Aeolian Advisors will not participate in the selection of investments for clients until the needs of the clients have been determined. Aeolian Advisors is restricted in accordance with the firm's internal guidelines and procedures.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of

rumor-mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Aeolian Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

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

Aeolian Advisors permits officers, directors and employees of Aeolian Advisors and its affiliated persons to purchase and sell securities for their personal accounts and for the accounts of certain persons and entities related to them, so long as they are in compliance with our code of ethics and applicable laws. These securities may be among those recommended to our clients. Duplicate records of these transactions are kept at our offices.

Aeolian Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Aeolian Advisors, its affiliates and/or clients, directly or indirectly, have a position of interest.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Aeolian Advisors will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

#### **C. Personal Trading**

Our code of ethics also requires our personnel to disclose their reportable personal securities holdings, to provide duplicate copies of confirmations and monthly account statements, and to document any changes in their securities accounts. In addition, we have a written insider trading policy that is designed to prevent the improper use of material nonpublic information.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Aeolian Advisors' clients. For example, the securities of privately held small and emerging growth companies are illiquid as described above, and often restricted, and as such have no market that is likely to be influenced by any trade by any

member of Aeolian Advisors.

In addition, the Code restricts personal trading in close proximity to making recommendations to a client on that security. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

This is especially so for thinly-traded securities of Bulletin Board listed small and emerging companies where significant trading can significantly influence share prices.

As such all employee trading is monitored, documented, and reviewed by the company Principal, Bruce. D. Forrest, under the Code of Ethics and to reasonably prevent conflicts of interest between Aeolian Advisors and its clients.

#### **D. Other Potential Conflicts of Interest**

Aeolian Advisors' executive management (and IAR) are also members of the management of B D Forrest & Company, Inc. and Equitas Bio/Pharma Solutions, LLC, companies engaged in providing consulting and/or non-securities licensing and partnering facilitation to the pharmaceutical and medical device industry that may include small and emerging growth companies. As such, they receive compensation separately from their roles with Aeolian Advisors for their non-securities activities associated with B D Forrest & Company, Inc. that may include securities in lieu of cash payments for their services.

Aeolian Advisors ownership also provides investment banking services in the role of Vice President – Investment Banking to Young America Capital, LLC as a registered representative (independent contractor) and may be compensated for participating in securities related activities as a placement agent for client life science oriented firms contracted with Young America Capital, LLC.

Although an inherent conflict of interest may result from Aeolian Advisors management or IAR receiving such payments, such conflicts will be fully disclosed to the client and all investment advice made to Aeolian Advisors' clients, will be evaluated for suitability, based on the client's individual needs and objectives.

## **Item 12 – Brokerage Practices**

### **A. Broker-Dealer Selection and Recommendation**

Aeolian Advisors neither selects nor recommends broker-dealers for client transactions nor makes any determination concerning the reasonableness of the compensation for any broker-dealer selected independently by the client.

### **B. Research and Other Soft Dollar Benefits**

Aeolian Advisors does not participate in "soft-dollar" arrangements, and we do not direct commission business to any broker-dealer in exchange for products and services.

### **C. Brokerage for Client Referrals**

Clients wishing to implement advice rendered under a advisory agreement must do so through a broker-dealer not affiliated with Aeolian Advisors. The firm does not recommend any broker-dealer nor open nor assist clients with opening accounts with broker-dealers, nor execute any transactions on the client's behalf through any broker-dealer.

### **D. Directed Brokerage**

Despite the relationship of Aeolian Advisors management with Young America Capital, Aeolian Advisors does not routinely recommend, request nor require that a client direct transactions' executions through a specified broker-dealer. Not all advisers require their clients to direct brokerage.

## **Item 13 – Review of Accounts**

### **A. Periodic Account Review**

Because Aeolian Advisors does not hold client accounts, client securities, nor have any discretionary authority over a client's account no matter where such accounts are held, there is no required periodic review.

### **B. Reports to Clients**

Clients will receive regular reports concerning efforts associated identifying suitable and appropriate investment opportunities no less frequently than monthly or as required by the client in the advisory agreement. These reports may be provided in the form of verbal communications or written communications including by electronic format such as email.

These reports will typically provide an overview of the small and emerging growth companies screened, the screening criteria as summarized in Item 8.A, and any suitable candidate companies that meet the client's investment objectives, if any companies do so at all.

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

### **A. Incoming Referrals**

Aeolian Advisors may receive client referrals from current clients, corporations, broker-dealers, accountants, employees, personal friends of employees and other similar sources (a "Solicitor"). Compensation may be paid to the Solicitor either by a flat fee arrangement or a percentage of the total fee charged to the client. Under such arrangements, the client will receive a Solicitor Disclosure Document that details the payment of these fees.

### **B. Investment Advisor Representatives**

Aeolian Advisors currently has no written compensation arrangements with unaffiliated parties for the referral of prospective clients. If in the future Aeolian Advisors enters into written compensation arrangements with unaffiliated parties for the referral of prospective clients, then in that event Clients will not bear additional costs or expenses as a result of such arrangements. The nature of any referral arrangement would be fully disclosed to the client.

### **C. Referrals Out**

Aeolian Advisors currently does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **D. Other Compensation**

Refer to Item 5 for details related to other Compensation. Outside of this compensation, neither Aeolian Advisors nor its IAR receive an economic benefit for the recommendation of a particular security or investment strategy.

## **Item 15 – Custody**

Aeolian Advisors does not have custody of client funds and/or securities.

## **Item 16 – Investment Discretion**

Aeolian Advisors has no discretionary authority on client accounts held by any third party.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Aeolian Advisors does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained by the client.

Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients will receive no proxy materials or from Aeolian Advisors.

A client with an active advisory agreement with Aeolian Advisors may contact the firm by telephone or email to discuss or seek an evaluation of a particular solicitation, provided such service is included in the agreement. If not covered by an active advisory agreement, then a new or amended agreement will be required between the client and Aeolian Advisors.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Aeolian Advisors' financial condition. Aeolian Advisors has no financial commitment, at this time, that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Because Aeolian Advisors does not require or solicit prepayment of more than \$500 in fees per client (for a state registered investment adviser), six months or more in advance, a balance sheet for the firm's most recent fiscal year is not required to be provided in this brochure.

## Item 19 – Requirements for State-Registered Advisers

### A. Education and Business Background of Principal Executive Officers and Management Persons

**Name:** Bruce D. Forrest, MB, BS, MD, MBA

**Year of Birth:** 1962

More information can be found at the following LinkedIn profile summary:  
<http://www.linkedin.com/in/bruceforrest/>

#### **Education:**

1985: Bachelor of Medicine (MB) and Bachelor of Surgery (BS), University of Adelaide, Australia

1991: Doctor of Medicine (MD), University of Adelaide, Adelaide, Australia

2005: Masters of Business Administration (MBA), University of Warwick, United Kingdom

2011: Limited Representative – Investment Banking Examination – Series 79 (FINRA)

2011: Uniform Securities Agent State Law Examination – Series 63 (NASAA)

2012: Uniform Investment Adviser Law Examination – Series 65 (NASAA)

#### **Experience (most recent 20 years only):**

2015-Present: Managing Director – Liffey Biotech, LLC

2015-Present: Managing Director, Commonwealth Pharma, LLC

2015-Present: CEO, Equitas Bio/Pharma Solutions, LLC

2013-Present: Vice President – Investment Banking, Young America Capital, LLC. (independent contractor)

2013-Present: President & Sole Owner, Aeolian Advisors Corporation

2010-Present: President & Sole Owner, B D Forrest & Company, Inc.

2010-2013: Member, Technical Advisory Board, Blacksmith Institute (Not for Profit Corporation)

2011-2012: Director, Life Sciences Investment Banking, Ascendant Capital Markets, LLC

2011: Life Sciences Investment Banker, ViewPoint Securities, LLC

2008-2010: Senior Vice President, Late Phase Programs, Vaccine Research, Wyeth/Pfizer

2004-2008: Vice President, Regional Research (Japan), Wyeth; Corporate Officer and Member of the Board, Wyeth K.K (Japan)

2001-2004: Senior Director, Clinical Viral Vaccines Research, Wyeth

1997-2001: Director, Clinical Research, Wyeth  
1994-1997: Associate Director II, Chiron Corporation

1993-1994: Director, Clinical Development, United Biomedical, Inc.

### B. Other Business Activities:

Bruce D. Forrest is President (and sole owner) of B D Forrest & Company, Inc., a provider of non-securities related business consulting, partnering & licensing services to corporations, governments, institutions and investors to enhance the value of pharmaceutical assets and medical devices in development. It is expected that these complementary business activities will represent at least 50% of Dr. Forrest's available working commitments, but with significant variation being possible.

A more detailed explanation of the services provided by B D Forrest & Company may be obtained from the company website: <http://www.forrestnewyork.com>.

Bruce D. Forrest is Chief Executive Office and co-owner of Equitas Bio/Pharma Solutions, LLC., an alliance management company that provides non-securities related pharmaceutical and biopharmaceutical consulting services to corporations institutions and investors to enhance the value of pharmaceutical assets and medical devices in development. It is expected that these complementary business activities will represent at least 20% of Dr. Forrest's available working commitments, but with significant variation being possible.

Bruce D. Forrest is Managing Director, Commonwealth Pharma, LLC a specialty pharmaceutical company supplying difficult to obtain pharmaceuticals to specific markets and patients groups to address continuing unmet medical needs.

Bruce D. Forrest is Vice President – Investment Banking (registered representative) at Young America Capital, LLC, as an independent contractor. More information concerning Young America Capital, LLC may be obtained from their website at [www.yacapital.com](http://www.yacapital.com).

### C. Compensation through Performance-Based Fees

Bruce D. Forrest (and Aeolian Advisors) receives no compensation for investment advisory services in the form of performance-based fees.

**D. Other Material Facts**

Bruce D Forrest has no previous or current legal or other civil liability or commitment, that would impair his ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**E. Description of Any Other Relationship with any Issuer of Securities**

As noted in both Items 10.C. and 11.D. of this Brochure, Bruce D. Forrest is associated with the consulting firm, B D Forrest & Company, Inc. and with Young America Capital, LLC, a FINRA member firm broker-dealer.

Through the relationship with B D Forrest & Company, Inc., Dr. Forrest may receive compensation separately from his role with Aeolian Advisors for non-securities activities that may include securities in lieu of cash payments for their services.

Through the relationship with Young America Capital, LLC as a registered representative (independent contractor), Dr. Forrest may be compensated for participating in securities related activities as a placement agent for client

life science oriented firms contracted with Young America Capital, LLC.

Although an inherent conflict of interest may result from the ownership of Aeolian Advisors receiving such payments, all investment advice made to Aeolian Advisors' clients will be evaluated for suitability based on the client's individual needs and objectives, and any such conflict will be disclosed to the client at the time of making any investment recommendation.

In addition, through participation in services or activities with B D Forrest & Company and/or Young America Capital, LLC., Bruce D. Forrest may become aware or become in possession of material non-public information of companies ("issuers of securities") of potential interest to the client as part of the routine process of effectively provide those services. As noted in Item 11.A., the Aeolian Advisors' Code of Ethics includes provisions relating to the prohibition on insider trading, a prohibition of rumor-mongering, and personal securities trading procedures, among other things.

# aeolian

## ADVISORS CORPORATION



**PO Box 444, Nyack, NY 10960**

**[contact@aeolianadvisors.com](mailto:contact@aeolianadvisors.com)**

### **Firm Brochure Supplement**

CRD # 167526

(Part 2B of Form ADV)

January 15<sup>th</sup>, 2016

This brochure supplement provides information about Bruce D. Forrest, MD, MBA that supplements the Aeolian Advisors Corporation (“Aeolian Advisors”) Brochure. You should have received a copy of that Brochure. Please email [contact@aeolianadvisors.com](mailto:contact@aeolianadvisors.com) if you did not receive Aeolian Advisors’ Brochure or if you have any questions about the contents of this supplement.

Additional information about Bruce D. Forrest, MD, MBA is available on the SEC’s website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This website also provides information about any persons affiliated with Aeolian Advisors who are registered or are required to be registered as investment adviser representatives of Aeolian Advisors.

Bruce D. Forrest, MD, MBA  
President & Sole Owner  
Aeolian Advisors  
PO Box 444  
Nyack, NY 10960-0444

### **Firm Brochure Supplement**

Aeolian Advisors is wholly owned by Bruce D. Forrest, who is also the sole IAR for the firm.

The information required to be provided in this Part 2B Brochure Supplement need not be provided separately to clients if the adviser is a sole proprietor

and the information is provided in Section 19 of Part 2A of the Brochure.

Clients should refer to Item 19 of the Aeolian Advisors’ Brochure (Part 2A) for the relevant background and personal information for Bruce D. Forrest.