

**Form ADV Part 2A: Brochure**

**Larmer & Elstun LLC**

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**This brochure provides information about the qualifications and business practices of Larmer & Elstun LLC. If you have any questions about the contents of this brochure, please contact us at 913-451-8351. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Larmer & Elstun also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

This Brochure is dated July 1, 2011

## Item 2           Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. This brochure dated July 1, 2011 is a new document prepared in accordance with the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item 2 will discuss only specific material changes that are to be made to the brochure and provide clients with a summary of such changes. We will also reference the date of the last annual update to our brochure.

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#### Item 4            Advisory Business

Larmer & Elstun LLC is a Kansas limited liability company that succeeded to the investment advisory business of William B. Larmer & Associates, Inc. in 2006. Unless the context requires otherwise, in this brochure we use the terms “we,” “us,” “our” and “Larmer & Elstun” to refer to Larmer & Elstun LLC. Larmer & Elstun is owned equally by William B. Larmer and Doug E. Elstun, who each serve as managers of the company, and provides continuous nondiscretionary investment management services to individuals, their trusts, estates 401(k) plans and IRAs, pension and profit sharing plans and corporations. Larmer & Elstun reviews each client’s need and financial situation and uses quantitative investment strategies in providing portfolio management and financial planning services to develop an investment plan that meets each client’s individual objectives. Advisory clients may not impose restrictions on the types of securities that Larmer & Elstun recommends that a client invest; however, because Larmer & Elstun provides nondiscretionary investment management services, the ultimate decision concerning which securities a client will invest rests with the client.

Generally, Larmer & Elstun recommends investments in various mutual funds to meet clients’ needs. Larmer & Elstun will recommend both load and no-load mutual funds. See Item 5 below. As appropriate, other investment vehicles may be recommended to meet a client’s investment objectives. Larmer & Elstun will also render advice on various investments held by a client upon request.

All client assets managed by Larmer & Elstun are on a non-discretionary basis. As of July 1, 2011, Larmer & Elstun had approximately \$125 million in assets under management.

The Advisor does not participate in any wrap fee programs.

In addition to the advisory services discussed above, Larmer & Elstun also renders advice on buying and selling businesses, farmland, raw land and cattle and may, upon request, refer clients to an unaffiliated third party for mortgage-related services.

#### Item 5            Fees and Compensation

##### *Fees Generally*

Prior to engaging Larmer & Elstun to provide investment advisory services, each client will be required to enter into a written agreement with Larmer & Elstun setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. The advisory agreement between Larmer & Elstun and a given client may be terminated by either party at any time upon written notification in accordance with the applicable contractual notice of termination. If the advisory agreement between Larmer & Elstun and a client is terminated before the end of the billing cycle, Larmer & Elstun will refund to the client that percentage of such prepaid fees attributable to services not yet performed during the payment period. However, Larmer & Elstun will not refund that portion of any prepaid advisory fees that are directly attributable to services provided by Larmer & Elstun during the payment period, even if assessed at the termination of the relationship.

In connection with providing investment advisory services, including pension consulting services, Larmer & Elstun charges an annual negotiable fee based on a percentage of assets under management, which is based on the total market value of the securities held in client accounts, including margined securities. Generally, Larmer & Elstun's fee schedule is as follows (subject to negotiation):

Portfolio Size	% of Portfolio	Maximum Fee
\$0 to \$2,500,000	1.25	\$25,000
\$2,500,001-\$4,500,000	0.85	\$38,250
\$4,500,001-\$7,000,000	0.75	\$52,500
\$7,000,001-\$10,000,000	0.65	\$65,000
Over \$10,000,000	0.50	

The actual annual fee is determined based on a number of factors, including the market value of the assets under supervision and the services provided, but such fee normally ranges between 0.50% and 1.00% of assets under supervision (including margined securities).

The annual fee is payable quarterly, in advance, based on the average value of a client's portfolio over each three-month period in the quarter as determined by the custodian of such client's account. Periods of less than one quarter will be prorated. Clients may either elect to have Larmer & Elstun bill them directly for the quarterly asset management fees or clients may authorize Larmer & Elstun to deduct the quarterly asset management fee directly from their accounts. The client's custodian generally debits such fee directly from each client's account and pays the fees directly to Larmer & Elstun.

Because the annual management fee earned by Larmer & Elstun is calculated based on the total market value of the securities held in client accounts, including margined securities, Larmer & Elstun may earn greater fees than it would have if clients were billed only on the net account values. This practice may involve a conflict of interest between clients' interests in protecting their accounts against downside risk from too great a use of margin, and the adviser's interest in earning a profit from advisory fees.

As discussed above in Item 4, Larmer & Elstun may recommend investments in both load and no-load mutual funds. In instances where Larmer & Elstun recommends an investment in a no-load mutual fund, Larmer & Elstun will charge a client the annual fee described above. However, in instances where Larmer & Elstun recommends an investment in a loaded mutual fund, Larmer & Elstun will not charge a client the annual fee described above. Instead, Larmer & Elstun may impose a maintenance fee negotiated with the client to review and monitor these assets after the initial investment.

Larmer & Elstun may negotiate its advisory fees and reserves the right to waive fees in whole or in part in its sole discretion for marketing or promotional reasons for varying periods of time. Such waivers may be extended to employees of Larmer & Elstun and their family members.

The annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees and other related charges and expenses, which must be paid by the client in addition to the fees charged by Larmer & Elstun. See Item 12 below for additional information relating to

Larmer & Elstun's brokerage practices. Clients may also incur other fees imposed by unaffiliated third parties such as retirement plan administrative fees, deferred sales charges on mutual funds initially deposited into the account, custodial fees, no load mutual fund 12(b)(1) fees (i.e. trail commissions) and other mutual fund expenses as described in the prospectus of each fund. In addition, some mutual funds pay their regular and recurring, fund-wide operating expenses out of fund assets rather than by imposing separate fees and charges on investors (i.e. "12(b)(1) fees"). Because these expenses are paid out of fund assets, investors are paying them indirectly. Larmer & Elstun will receive a portion of such 12(b)(1) fees from time to time.

Larmer & Elstun also renders investment advice in the form of reviews and consultations on specific investments or matters. Under these specific engagements, a fee of \$250 per hour is generally charged and is payable upon completion of the service. The hourly charges are negotiable in Larmer & Elstun's discretion. These fees are billed to the client.

Additionally, Larmer & Elstun may render advice on buying and selling businesses, farmland, raw land and cattle. In connection with providing business consulting services, fees may be charged at hourly rates - typically \$250 per hour - or as a percentage based on the value of the asset - typically ranging anywhere from 4% on up of the value of the asset. These fees are billed to the client and payable upon completion of the service. These fees are also negotiable in Larmer & Elstun's discretion.

Upon request, Larmer & Elstun may refer clients to an unaffiliated third party for mortgage-related services. Any fees charged will be as required by such third party. Larmer & Elstun may receive a portion of the fee charged by such unaffiliated third party in connection with the referral.

#### *Compensation for Sale of Securities or Other Investment Products*

Mr. Larmer and Mr. Elstun, both supervised persons of Larmer & Elstun ("Advisory Representatives"), are separately registered as registered representatives of Sigma Financial Corporation, Inc. ("Sigma"), a registered securities broker/dealer and member of the Financial Industry Regulatory Authorities ("FINRA") and the Securities Investors Protection Corporation. Clients are welcome but are never under any obligation to purchase products recommended by Advisory Representatives through Sigma. Clients may purchase investment products recommended by Larmer & Elstun and the Advisory Representatives through other brokers or agents that are not affiliated with Larmer & Elstun.

The Advisory Representatives of Larmer & Elstun may recommend securities offered by Sigma, and will receive the normal commissions from Sigma if products are purchased through them. Such commissions are in addition to receipt of any fees paid by advisory clients to Larmer & Elstun for advisory services. The receipt of commissions by the Advisory Representatives for selling Sigma's products represents an incentive for the Advisory Representatives to recommend products that pay an additional commission over other investment products, therefore creating a conflict of interest between their interests and those of Larmer & Elstun's advisory clients. Commissions earned by an Advisory Representative for selling Sigma's products may be higher or lower than commissions payable by other brokers/dealers. Additionally, if a client's

investment strategy involves the implementation of an investment plan through an Advisory Representative, the client may be limited to certain products or services available through Sigma.

Under FINRA's rules and regulations, Sigma has an obligation to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide financial or investment advice. Sigma may charge the Advisory Representatives (not the client) a portion of fees it incurs for performing these functions. Sigma is required to carry out these functions by FINRA and the fee received will not increase execution or brokerage charges to the client or the fee the client has agreed to pay Larmer & Elstun pursuant to the client's advisory agreement. Larmer & Elstun will fully disclose in advance any commissions that will be received by an Advisory Representative on a given transaction.

Since the Advisory Representatives who are registered representatives of a broker/dealer may receive a commission on load funds, this may represent incentive to recommend load funds in favor of funds without a load, therefore creating a potential conflict of interest.

Mr. Larmer is also licensed to sell health, life and accident insurance and variable annuities in Kansas, Missouri and various other states. Commissions may be earned by Mr. Larmer from various insurance companies if such an insurance or variable annuity product is purchased by a client. The receipt of commissions by Mr. Larmer for selling a specific insurance company's products could represent an incentive for Mr. Larmer to recommend products that pay an additional commission over other insurance or variable annuity products, therefore creating a conflict of interest.

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

Larmer & Elstun does not charge performance-based fees. See Item 4 above regarding fees payable to Larmer & Elstun and its supervised persons.

#### Item 7 Types of Clients

Larmer & Elstun manages individual, institutional and retirement investment portfolios, including without limitation pension and profit sharing plans, trusts, estates or charitable organizations and corporations or other business entities. Larmer & Elstun does not impose a minimum amount to open and maintain an advisory account.

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

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

Larmer & Elstun uses quantitative investment strategies in providing portfolio management and financial planning services. Larmer & Elstun's security analysis methods include charting, fundamental, technical and cyclical analysis. In formulating investment recommendations, the sources of information Larmer & Elstun uses include Morningstar Mutual Fund Guide, Wisenberger Investment Companies Service, and Lipper Mutual Fund Analysis.

Investing in securities involves risk of loss that clients should be prepared to bear. The investment in any security is subject to numerous factors which are neither within the control of nor predictable by Larmer & Elstun or its management. Such factors include a wide range of economic, political, competitive and other conditions that may affect the capital markets in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of Larmer & Elstun to implement its investment strategies. As a result of the nature of Larmer & Elstun's investment activities, it is possible that the financial performance of a client's portfolio may fluctuate from period to period. In addition to the general risks inherent in any investment, the risks identified below in subparagraph B should be carefully considered.

*B. Material Risks Involved in the Adviser's Investment Strategies.*

The following risks have been identified by Larmer & Elstun as material risks involved in effecting its investment strategies and methods of analysis:

Dependence Upon Larmer & Elstun's Portfolio Managers. The effectiveness of the strategies employed by Larmer & Elstun will depend on the skill and acumen of William B. Larmer and Douglas E. Elstun. If Mr. Larmer or Mr. Elstun should die or become disabled or otherwise cease to participate in Larmer & Elstun's business, the implementation of the strategies could be severely impaired. Mr. Larmer and Mr. Elstun will recommend the investment of the assets of a portfolio based on a multitude of factors that they determine in their sole discretion are appropriate for a client's portfolio's investment objectives. Such factors include, without limitation, the volatility of the security.

Quantitative Investment. The effectiveness of quantitative methodologies is primarily dependent on two components: the accuracy of the data going into the model and the theoretical foundation of the model itself. Mr. Larmer and Mr. Elstun must continually review the portfolio investments to make sure that non-quantifiable factors such as lawsuits, management changes, industry competition or regulatory issues are unlikely to substantially change the potential for each portfolio investment.

No Guarantee of Performance. Neither Larmer & Elstun nor Mr. Larmer or Mr. Elstun can guarantee that the implementation of Larmer & Elstun's strategies will achieve a client's investment objectives.

Market Volatility. The effectiveness of a given strategy substantially depends upon Larmer & Elstun correctly assessing the future price movements of stocks, exchange traded funds ("ETFs"), debt securities and other securities and the movements of interest rates. The U.S. capital markets have suffered unprecedented volatility and losses for roughly two and a half years. Disruptions in the capital markets have increased the spreads between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. A continued or worsened period of market illiquidity may have an adverse effect on Larmer & Elstun's ability to fully implement its strategies and Larmer & Elstun's ability to accurately predict movements in the securities in which it invests portfolio funds.

Margin Risks. Larmer & Elstun's client accounts opened at Sigma are automatically opened as margin accounts unless the client specifically elects not to include this feature on the account. "Margin" is borrowing money from a broker to buy a stock and using the investment as collateral. Investors generally use margin to increase their purchasing power so that they can own more stock without fully paying for it. However, margin exposes investors to the potential for higher losses. Margin investing creates additional risks to clients due to the magnification of losses with leverage. Among other things, margin risks include, without limitation, the following: (i) clients can lose more money than invested; (ii) clients may have to deposit additional cash or securities in their account on short notice to cover market losses; (iii) clients may be forced to sell some or all of their securities when falling stock prices reduce the value of their securities; and (iv) the brokerage firm may sell some or all of a client's securities without consulting the client to pay off the loan that was made to the client.

Local and National Business and Economic Conditions. The implementation of Larmer & Elstun's strategies could be negatively affected by local and national business and economic conditions, as well as other events that are outside of Larmer & Elstun's or its management's control. Local and national economic conditions could be less favorable than expected or could have a more direct and pronounced effect on ability to implement a strategy than expected. Furthermore, natural disasters, acts of terrorism and other events outside of Larmer & Elstun's control could negatively affect the capital markets, and thus the ability of Larmer & Elstun to implement its strategies. For example, if there is a natural disaster or other event, such as the terrorist attacks of September 11, 2001, that limits or prevents Larmer & Elstun from accessing the capital markets for a period of time, its investments would be significantly affected.

Accuracy of Public Information. Larmer & Elstun selects investments for its clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Larmer & Elstun by the issuers or through sources other than the issuers. Although Larmer & Elstun evaluates all such information and data, Larmer & Elstun is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Reliance on Technology. Larmer & Elstun relies heavily upon information systems and other technology to conduct and manage its business. To the extent that Larmer & Elstun experiences a failure or interruption in any of these systems or other technology, Larmer & Elstun may be unable to conduct and manage its investment strategies effectively, including without limitation, its trading and hedging activities. Although Larmer & Elstun has implemented a business continuity plan, there can be no assurance that such plan will be able to prevent, timely and adequately address or mitigate the negative effects of any such failure or interruption.

### *C. Risks Attendant to Specific Securities.*

As discussed above, Larmer & Elstun will recommend investments in a variety of mutual funds. Most mutual funds fall into one of three main categories — money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

*Money Market Funds:* Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV) — which represents the value of one share in a fund — at a stable \$1.00 per share. But the NAV may fall below \$1.00 if the fund's investments perform poorly. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. Inflation risk — the risk that inflation will outpace and erode investment returns over time — can be a potential concern for investors in money market funds.

*Bond Funds:* Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high-quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include:

- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, an investor can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds. Funds that invest in long-term bonds tend to have higher interest rate risk.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or “retire”) its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

*Stock Funds:* Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons — such as the overall strength of the economy or demand for particular products or services. Stock funds may vary by investment philosophy and objective.

In addition to the various risks associated with investing in mutual funds, mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. A loaded mutual fund charges each investor for the interests purchased plus an initial sales fee, which is added to the purchase of an interest in a mutual fund and reduces the actual amount invested in the fund. For example, if a client

invested \$1,000 into a 5% load mutual fund, the client would actually be investing only \$950 with the remaining \$50 going to the mutual fund as a commission.

Because each mutual fund has its own specific risks, clients should read the prospectus of each mutual fund in which it invests.

Additionally, Larmer & Elstun may recommend investments in ETFs. A primary benefit of an investment in an ETF is that such investment provides a diversified portfolio of stocks. However, individual ETF's are subject to the same market risks as the index or sector they are designed to track, and thus when redeemed or sold, may be worth more or less than their original cost. If Larmer & Elstun invests in a specific fund or sector too late, there is the possibility of a downturn and significant losses. Additionally, the more focused an ETF is or the smaller the tracked sector, the higher the risk of market volatility and negative returns.

Item 9            Disciplinary Information

Neither Larmer & Elstun nor the Advisory Representatives have been involved in legal or disciplinary events that are material to a client's evaluation of Larmer & Elstun's advisory business or the integrity of Larmer & Elstun's management.

Item 10           Other Financial Industry Activities and Affiliations

A.        *Affiliations with Broker-Dealers*

As discussed above in Item 5, the Advisory Representatives are registered representatives of Sigma, a broker-dealer.

B.        *Affiliations with Futures Commission Merchants, Commodity Pool Operator or Commodity Trading Advisors*

Neither Larmer & Elstun nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C.        *Other Material Arrangements*

Neither Larmer & Elstun nor any of its management persons has any relationships or arrangements that are material to Larmer & Elstun's advisory business with a related person who is:

1.        A broker-dealer, municipal securities dealer, or government securities dealer or broker
2.        An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3.        An investment adviser or financial planner
4.        A futures commission merchant, commodity pool operator, or commodity trading advisor
5.        A banking or thrift institution

6. An accountant or accounting firm
7. A lawyer or law firm
8. An insurance company or agency
9. A pension consultant
10. A real estate broker or dealer
11. A sponsor or syndicator of limited partnerships

Larmer & Elstun does not deem Sigma to be a related person or the arrangements with Sigma to be material to its advisory business.

*D. Relationships with Other Investment Advisers*

Although Larmer & Elstun does not regularly recommend or select other investment advisers to render advice for its clients, Larmer & Elstun may recommend or select other investment advisers to render advice for its clients. Under such circumstances, Larmer & Elstun would likely receive compensation directly or indirectly from such advisers. Clients are advised that a conflict of interest may exist if Larmer & Elstun receives compensation in connection with recommending or selecting other investment advisers for its clients.

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

*A. Code of Ethics*

Larmer & Elstun has adopted a Code of Ethics. Pursuant to Section 204A of the Investment Advisers Act of 1940 (as amended, the “Advisers Act”) and Rule 204A-1 promulgated thereunder, its Code of Ethics contains written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information by Larmer & Elstun and its supervised persons in violation of the Advisers Act or the Securities Exchange Act of 1934, or the rules or regulations thereunder. The Code of Ethics sets forth the standards of business conduct that Larmer & Elstun expects from its supervised persons and requires Larmer & Elstun’s supervised persons to comply with applicable federal securities laws. The Code of Ethics also requires that certain of Larmer & Elstun’s supervised persons (called “Access Persons” under the Advisers Act) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. The Code of Ethics requires the following: (1) Larmer & Elstun’s supervised persons must report any violations of the Code of Ethics promptly to the Chief Compliance Officer, (2) Larmer & Elstun must provide each of its supervised persons with a copy of the Code of Ethics and any amendments, and (3) the supervised persons must provide Larmer & Elstun with a written acknowledgment of their receipt of the Code of Ethics and any amendments thereto. A copy of Larmer & Elstun’s Code of Ethics is available upon request.

*B. Participation or Interest in Client Transactions and Personal Trading*

Larmer & Elstun and its related persons may buy and sell securities for their own account that are identical to the investment products Larmer & Elstun recommends to clients. All such holdings and transactions are subject to Larmer & Elstun’s written policies and procedures,

which require that Larmer & Elstun and its related persons place the interests of clients ahead of their own interests. Given similar investment strategies within the same time frame, client transactions will be effected first and further based on a discretionary measure of fairness as determined by Mr. Larmer and Mr. Elstun. Larmer & Elstun has also adopted a policy on insider trading.

Item 12 Brokerage Practices

A. *Factors Considered in Selecting or Recommending Broker-Dealers and Determining Reasonableness of Fees*

In recommending Sigma or any other broker-dealer to clients, Larmer & Elstun will consider such broker-dealer's financial strength, reputation, execution, pricing and service. As disclosed above under Item 5, related persons of Larmer & Elstun are registered representatives of Sigma. Clients are under no obligation to purchase or sell securities through Mr. Larmer or Mr. Elstun. However, Larmer & Elstun will routinely recommend that clients utilize the brokerage and clearing services of Sigma for investment management accounts. The brokerage commissions and/or transaction fees charged by Sigma or any other designated broker-dealer are exclusive of and in addition to Larmer & Elstun's fees. Larmer & Elstun will compare the execution quality provided by Sigma with that available from other broker-dealers that may offer similar services to Larmer & Elstun. The commission and/or transaction fees charged by Sigma may be higher or lower than those charged by other broker-dealers.

From time to time, Sigma may provide market-reports or other research materials and general tax planning support to Larmer & Elstun that assist Larmer & Elstun in its investment decision-making processes. Such research and tax planning support generally will be used to service all of Larmer & Elstun's clients, as necessary to each client's specific circumstances and investment objectives. The receipt of investment research products and/or services, as well as the allocation of the benefit of such investment research products and/or services, may pose a conflict of interest by incentivizing Larmer & Elstun to use Sigma's brokerage services over the services of another broker-dealer. The benefit to Larmer & Elstun is that it does not have to produce or pay for the research, products or services on its own.

The commissions paid by Larmer & Elstun's clients will comply with Larmer & Elstun's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Larmer & Elstun determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Larmer & Elstun will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If a client requests Larmer & Elstun to arrange for the execution of securities brokerage transactions for the client's account, Larmer & Elstun will direct such transactions through broker-dealers that Larmer & Elstun reasonably believes will provide best execution.

Transactions may be cleared through other broker-dealers with whom Larmer & Elstun has entered into agreements for brokerage clearing services. Larmer & Elstun will periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct Larmer & Elstun in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Larmer & Elstun will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for the accounts managed by Larmer & Elstun. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Larmer & Elstun may decline a client’s request to direct brokerage if, in Larmer & Elstun’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

**B.     *Aggregation***

Transactions for each client generally will be effected independently, unless Larmer & Elstun decides to purchase or sell the same securities for several clients at approximately the same time. Larmer & Elstun may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Larmer & Elstun’s clients difference in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Larmer & Elstun’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Larmer & Elstun determines to aggregate client orders for the purchase or sale of securities, including securities in which Larmer & Elstun’s advisory affiliate(s) may invest, Larmer & Elstun will generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the United States Securities and Exchange Commission.

Larmer & Elstun will not receive any additional compensation or remuneration as a result of the aggregation.

**Item 13       Review of Accounts**

**A.     *Review of Client Accounts or Financial Plans.***

Client accounts are monitored on a regular ongoing basis. All reviews are conducted by William B. Larmer or Douglas E. Elstun, each a manager of Larmer & Elstun. A client’s account is reviewed monthly, quarterly or semi-annually depending on, among other factors, each particular client’s investment objective, client guidelines, market conditions, and changes in the client’s financial status, as communicated by the client. Mr. Larmer and Mr. Elstun prefer to review accounts and meet with clients on at least a quarterly basis. The reviews consider, among other things, whether the investment advice or financial plan is achieving the account’s

investment objectives, market conditions at the time of the review and changes in the client's financial status, as communicated by the client.

Neither Mr. Larmer nor Mr. Elstun receive instructions from Larmer & Elstun on performing reviews. Portfolio transactions are reconciled with the client's custodian daily. There are no fixed limits on the number of accounts assigned to Mr. Larmer or Mr. Elstun for review.

**B. *Content and Frequency of Regular Reports.***

Larmer & Elstun provides monthly, quarterly and semi-annual written reports, depending on the needs and desires of a client, that set forth the investments made and the amounts invested during the period. The level of services and reporting provided to clients by Larmer & Elstun varies depending on the type of account, account size and other factors.

See Item 15 below regarding additional reports provided to clients.

**Item 14      Client Referrals and Other Compensation**

Larmer & Elstun has entered into arrangements where it compensates certain persons for client referrals. If a client is introduced to Larmer & Elstun, Larmer & Elstun will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 promulgated under the Advisers Act and any corresponding state securities law requirements. Under its referral arrangements, Larmer & Elstun pays the solicitor a quarterly fee equal to 25% of the advisory fees such referred client pays to Larmer & Elstun for the management of its investment portfolio. All referral fees are paid solely from Larmer & Elstun's investment management fee, and do not result in any additional charge to the client. If the client is introduced to Larmer & Elstun by a solicitor (other than with respect to the provision of impersonal advisory services or by a solicitor who is (A) a partner, officer, director or employee of Larmer & Elstun or (B) a partner, officer, director or employee of a person which controls, is controlled by, or is under common control with Larmer & Elstun), the client will be given, prior to or at the time of entering into any advisory contract with the client, (1) a copy of this brochure that meets the requirements of Rule 204-3 promulgated under the Advisers Act, and (2) a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Larmer & Elstun will disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Larmer & Elstun's brochure at the time of the solicitation.

**Item 15      Custody**

Larmer & Elstun is deemed to have custody of client funds solely because the Advisor is authorized and permitted to have fees directly deducted from client accounts maintained with its qualified custodian. All clients are required to designate a custodian for the securities held in the client's account. Larmer & Elstun prefers and recommends that clients use First Clearing, LLC as custodian, but clients may instruct Larmer & Elstun to use a different custodian.

Each client will receive a detailed account statement directly from the custodian maintaining custody of such client's funds at least quarterly. Account statements (1) identify the amount of funds and each security in the client's account(s) at the end of the period, including, among other things, the nature and types of securities held in the account, cost and current market value; and (2) set forth all transactions in the client's account(s) made during that period, including, without limitation, all purchases, sales, income, capital changes and disbursements. Clients should carefully review all statements received from the custodian(s). Larmer & Elstun urges all clients to compare the account statements received from the custodian(s) with those received from Larmer & Elstun.

Item 16 Investment Discretion

Larmer & Elstun does not accept discretionary authority to manage securities accounts on behalf of clients.

Item 17 Voting Client Securities

A. *Voting Policies and Procedures*

The Advisor does not have or accept authority to vote client securities.

B. *Responsibility of Client to Vote Securities*

Each client is responsible for voting its own proxies. Larmer & Elstun will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets are invested. Proxies or other solicitations will be mailed to the account address of record directly from the custodian. Larmer & Elstun will not offer clients advice regarding corporate action, the exercise of proxy voting rights or a particular solicitation. All such inquiries should be directed to the client's legal counsel.

Item 18 Financial Information

Larmer & Elstun is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Larmer & Elstun has never been the subject of a bankruptcy petition.