



DISCLOSURE BROCHURE
[FORM ADV PART II]
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VERDANT CAPITAL MANAGEMENT, INC.
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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF DAVID C. YU. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 310-540-2818 OR INFO@VERDANTCAPITAL.COM. 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 DAVID C. YU IS ALSO AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV

ADVISER REGISTRATION WITH THE SEC DOES NOT INDICATE A CERTAIN LEVEL OF SKILL OR TRAINING.

PLEASE RETAIN FOR YOUR RECORDS

Material Changes

In July of 2010, the Securities and Exchange Commission released “Amendments to Form ADV” which revises the disclosure document that we provide to clients. This ADV brochure is a new document prepared according to the SEC’s new requirements and rules. As such, it is materially different in structure and requires certain new information that our previous ADV did not require.

Table of Contents

| Item | Page |
|--|-------------|
| 1 Cover Page | i |
| 2 Material Changes | ii |
| 3 Table of Contents | iii |
| 4 Advisory Business | 1 |
| 5 Fees and Compensation | 3 |
| 6 Performance-Based Fees and Side-By-Side Management | 4 |
| 7 Types of Clients | 5 |
| 8 Methods of Analysis, Investment Strategies and Risk of Loss | 6 |
| 9 Disciplinary Information | 8 |
| 10 Other Financial Industry Activities and Affiliations | 9 |
| 11 Code of Ethics, Participation in Client Transactions and Personal Trading | 10 |
| 12 Brokerage Practices | 12 |
| 13 Review of Accounts | 13 |
| 14 Client Referrals and Other Compensation | 14 |
| 15 Custody | 15 |
| 16 Investment Discretion | 16 |
| 17 Voting Client Securities | 17 |
| 18 Financial Information | 18 |
| 19 Requirements for State-Registered Advisers | 19 |

Item 4 - Advisory Business

Verdant Capital Management, Inc. is a Registered Investment Advisory firm specializing in retirement planning and asset management with a focus on capital growth and preservation. Since 2002, Verdant Capital Management, Inc. has been providing independent, objective financial advice.

Principal and Senior Financial Adviser, David C. Yu, is a Registered Investment Adviser with the Securities and Exchange Commission (SEC). He has been working in the investment industry since 1988 as a senior executive with top financial firms including: Lehman Brothers, Smith Barney, PaineWebber, and UBS Financial. While at UBS, David earned certification as an Investment Management Consultant & Retirement Planning Specialist after completing high-level financial strategy training.

Verdant Capital Management, Inc. provides investment supervisory services, investment advice, and occasionally furnishes advice to clients on matters not involving securities.

Verdant Capital Management, Inc. offers advice on the following types of investments

- Equity Securities
- Exchange-Listed Securities
- Securities Traded Over-The-Counter
- Foreign Issues
- Corporate Debt Securities (other than commercial paper)
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Investment Company Securities
- Variable Annuities
- Mutual Fund Shares
- United States Government Securities
- Option Contracts on Securities
- Interests in Partnerships Investing in Real Estate

Verdant Capital Management, Inc. offers customized solutions for clients. Verdant Capital Management, Inc. tailors advisory services to the individual needs of clients. By employing fundamental research combined with active portfolio management, Verdant Capital Management, Inc. works with clients to help them achieve their financial goals.

Verdant Capital Management, Inc. does not participate in wrap fee programs.

As of March 15, 2011, Verdant Capital Management, Inc. holds \$34.4 million of assets under management on a discretionary basis.

Item 5 - Fees and Compensation

Verdant Capital Management, Inc. offers investment advisory services for:

- A percentage of assets under management
- Hourly charges
- Fixed fees (not including subscription fees)
- Other

Verdant Capital Management, Inc. calculates its management fees depending on the complexity of a client's account. Management fees are negotiable.

Although fees are generally deducted directly from clients' accounts, clients may choose to be billed in quarterly intervals.

There are no additional fees or expenses in connection with Verdant Capital Management, Inc.'s advisory services.

Verdant Capital Management, Inc. bills clients in advance for investment advisory services by one month. If the client's advisory contract is terminated before the end of the billing period, Verdant Capital Management, Inc. pro-rates proportionally for the time remaining and promptly issues a refund.

Verdant Capital Management, Inc. does not accept any compensation for the sale of securities or other investment products.

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

Verdant Capital Management, Inc. does not accept performance-based fees.

Item 7 - Types of Clients

Verdant Capital Management, Inc. provides advisory services and investment advice to a wide variety of clients and accounts:

- Individuals
- Corporations
- Trusts and Foundations
- Estates and Charitable Organizations
- Retirement Accounts, 401(k)s, and IRAs
- Pensions, Annuities, and Profit Sharing Plans
- Other Business Entities

Verdant Capital Management, Inc. requires a minimum account size of \$250,000 for its advisory services. In some cases, the minimum account size is negotiable.

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

Verdant Capital Management, Inc. uses the following methods of analysis when formulating investment advice:

- *Fundamental* - The fundamental method evaluates financial statements to determine a security's value and future performance; a more holistic analysis, it considers qualitative and quantitative factors to determine value.
- *Charting & Technical* - Charting and technical methods analyze securities by looking to price and volume, evaluating securities' past performance and market activity to identify patterns or other indicators of future performance.

While each method of analysis carries with it its own distinct strengths and weaknesses, by combining all three methods, Verdant Capital Management, Inc. can provide the best financial strategy for you – the client.

Nevertheless, keep in mind that investing in any security involves a risk of loss that you should be prepared to bear

Verdant Capital Management, Inc. utilizes a combination of investment strategies when managing assets, each possessing a unique risk:

- Long Term Purchases
 - Securities held at least one year
 - Most conservative investment option
 - Risks involve interest rate uncertainty
- Short Term Purchases
 - Securities sold within one year
 - Faster to reach maturity date
 - Less rewarding interest rate and overall yield
- Trading
 - Securities sold within 30 days
 - Aggressive character increases risk as well as reward

- Short Sales
 - Selling borrowed securities while anticipating price decline
 - Aggressive, advanced strategy
 - Risks involve unlimited losses.
- Margin Transactions
 - Involves buying securities on credit
 - High risk transaction
- Option Writing (including covered options, uncovered options, and spread strategies)
 - Investing in the right to buy at a later date
 - Highly aggressive, rarely-used strategy

Verdant Capital Management, Inc. does not primarily recommend a particular type of security to clients.

Item 9 - Disciplinary Information

Verdant Capital Management, Inc. and its adviser have no legal or disciplinary events, material or otherwise, to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Verdant Capital Management, Inc. is not registered, and does not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Verdant Capital Management, Inc. is not registered, and does not have an application pending to register, as:

- A futures commission merchant
- A commodity pool operator
- A commodity trading operator, or
- An associated person of the foregoing entities

Verdant Capital Management, Inc. primarily utilizes Charles Schwab Co., Inc. as a broker-dealer to custodialize client accounts. On the rare occasion that a client prefers another broker-dealer, Fidelity can be used. These relationships carry no conflict of interest, material or otherwise.

Verdant Capital does not recommend or select other investment advisors for its clients.

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

Verdant Capital Management, Inc. has adopted a Code of Ethics in accordance with the Advisers Act (pursuant to SEC rule 204a-1), which includes written procedures governing the conduct of Verdant Capital Management, Inc., officers and managers, as well as other advisory persons, investment personnel and access persons of Verdant Capital Management, Inc. 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.

Verdant Capital Management, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Verdant Capital Management, Inc. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Verdant Capital Management, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest.

Verdant Capital Management, Inc.'s employees and persons associated with Verdant Capital Management, Inc. are required to follow Verdant Capital Management, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Verdant Capital Management, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Verdant Capital Management, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Verdant Capital Management, Inc. 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. 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 Verdant Capital Management, Inc.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. 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. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Verdant Capital Management, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Verdant Capital Management, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Verdant Capital Management, Inc. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Verdant Capital Management, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Verdant Capital Management, Inc. will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Verdant Capital Management, Inc. will provide a complete copy of, and answer any questions regarding, the Code of Ethics to any client or prospective client upon request.

Item 12 - Brokerage Practices

Charles Schwab Co., Inc. is the preferred custodian and broker-dealer of Verdant Capital Management, Inc. If a client strongly prefers a different broker-dealer, Verdant Capital Management, Inc. uses Fidelity Investments.

Verdant Capital Management, Inc. does not receive research or any soft dollar benefits from Charles Schwab Co., Inc. nor from Fidelity Investments.

Verdant Capital Management, Inc. has no incentive to select or recommend any specific broker-dealer. Verdant Capital Management, Inc. does not receive client referrals from Charles Schwab Co., Inc. nor from Fidelity Investments.

Verdant Capital Management, Inc. does not permit direct brokerage.

Verdant Capital Management, Inc. does not aggregate the purchase or sale of securities for various client accounts. The additional costs of not aggregating is kept to a minimum with the difference usually less than 1%.

Item 13 - Review of Accounts

Depending on the complexity of certain accounts, client accounts and financial plans are reviewed on a weekly basis and sometimes as much as on a daily basis (Monday-Friday, business days only).

Verdant Capital Management, Inc. advises its clients to participate in a complete review of accounts and financial plans each quarter at the offices of Verdant Capital Management, Inc. If clients are not local or are unable to attend an in-office review, Verdant Capital Management, Inc. can conduct reviews by phone.

At the quarterly review, Verdant Capital Management, Inc. provides clients with a report, generated by a portfolio management software. The reports contain: an aggregate performance summary of all accounts; a portfolio performance comparison with index benchmarks; and a portfolio allocation chart and report. Clients that are unable to attend an in-office review can have a copy of the quarterly review mailed and/or electronically mailed at their request.

Item 14 - Client Referrals and Other Compensation

Verdant Capital Management, Inc. does not accept any investment advice or services from a non-client for use by current clients.

Verdant Capital Management, Inc. does not provide compensation for client referrals.

Item 15 - Custody

Verdant Capital Management, Inc. does not have custody of client accounts. All client assets are in custody of Charles Schwab Co., Inc. and Fidelity Investments.

Charles Schwab Co., Inc. and Fidelity Investments send account statements directly to the client through the mail and/or electronic mail. Verdant Capital Management, Inc. does provide account statements to clients during quarterly reviews. Clients are urged to carefully compare the account statements they receive from their respective custodian and from Verdant Capital Management, Inc. and report any discrepancies.

Item 16 - Investment Discretion

Verdant Capital Management, Inc. accepts discretionary authority to manage securities on behalf of clients. Verdant Capital Management, Inc. directs clients to sign a limited power of attorney agreement with Charles Schwab Co., Inc. or Fidelity Investments.

Verdant Capital Management, Inc. has limited power of attorney over client accounts that allows Verdant Capital Management, Inc. to buy and sell investments for their clients without client approval and to deduct the quarterly management fees directly from client accounts. The limited power of attorney does not allow for Verdant Capital Management, Inc. to withdraw funds directly from client accounts.

Item 17 - Voting Client Securities

Verdant Capital Management, Inc. has and accepts the authority to vote client securities. Clients do not have the option to direct Verdant Capital Management, Inc.'s vote. Verdant Capital Management, Inc. maintains its fiduciary obligation to its clients and has adopted a voting policy and procedure that is designed to ensure that Verdant Capital Management, Inc. votes proxies in the best interests of clients. Clients may obtain a copy of Verdant Capital Management, Inc.'s voting policies and procedures and proxy vote records upon request.

Item 18 - Financial Information

Verdant Capital Management, Inc. does not require or solicit client prepayment for management fees of \$1200 per client six months or more in advance.

Item 19 - Requirements for State-Registered Advisers

Principal and Senior Financial Advisor, David C. Yu, is a Registered Investment Adviser with the Securities and Exchange Commission.

Education Background

University of California, Santa Barbra – 1988

Business Background

Lehman Brothers Inc. – Stock broker (1989-1993)

Smith Barney – Financial Consultant (1993-1995)

PaineWebber Inc. – VP & Financial Adviser (1995-2001)

UBS Financial Inc. – VP of Investments (2001-2002)

Verdant Capital Management, Inc. – Senior VP & Principal (2002-current)

David Yu is actively engaged in BringPhone LLC and D&Y Investments LLC, neither of which is related to Verdant Capital Management, Inc.'s advisory operations. There are no conflicts of interest. Those business operations involve no more than an hour spent per week on average.