

Part 2A of Form ADV: DISCLOSURE BROCHURE

Item 1 Cover Page

March 31, 2011



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This brochure provides information about the qualifications and business practices of Grange Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 503-639-3001 or info@grangecapital.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.

Additional information about Grange Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 131699.

Item 2 Material Changes

The Securities and Exchange Commission (SEC) adopted ‘Amendments to Form ADV’ in July, 2010. This Firm Brochure, dated March 31, 2011, is our new Form ADV disclosure document prepared according to the SEC’s new requirements and rules. This document is a narrative that is substantially different in form and content, and includes some new information that we are now specifically required to disclose. In this summary of Material Changes, we discuss only the material changes since the last annual update of this brochure on February 1, 2010.

- **Conflicts:** We provide additional disclosures about material conflicts of interest, and how we manage those conflicts to keep our clients’ best interests a priority at all times.
- **Investment Strategies and Risks:** We provide more extensive disclosure of our investment policies and practices, and the risks inherent in those strategies. Please refer to Item 8 of this brochure.
- **Amount of Assets Managed:** Our assets under management increased to \$000,000,000 as of December 31, 2010. Please refer to Item 4 of this brochure.
- **Custody:** We further describe our use of the independent qualified custodians, Charles Schwab, Fidelity, and TD Ameritrade. These custodians provide separate monthly statements, directly to our clients, detailing their account holdings. Please refer to Item 15 of this brochure.
- **Financial advisor biographies** are now provided with this disclosure brochure. Please refer to Part 2B of Form ADV: Brochure Supplements.

In past years, we have delivered or offered to deliver a copy of our disclosure document to our clients at least annually. Consistent with the new rules, we will send to our clients a summary of any material changes to this and subsequent brochures by April 30th of each year. We will provide our clients with other interim disclosures about material changes as necessary.

Due to the extensive changes to this brochure, we recommend that all of our clients review this document upon receipt. Clients can access our disclosure brochure at any time at www.grangecapital.com.

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Item 4 Advisory Business

Grange Capital, LLC is an independent SEC-registered investment adviser with its principal place of business located in Portland, Oregon. Grange Capital, LLC began conducting business in 2004 and is wholly owned by:

- Brent Keeton, CIO, Principal
- Derek Dukart CEO, Principal

Grange Capital, LLC offers the following advisory services to our clients:

INVESTMENT MANAGEMENT SERVICES

Our firm provides ongoing investment management of client assets. Through an Investment Advisory Agreement with Grange Capital, LLC, the client retains us to provide investment management services on a discretionary basis. In this context, discretionary management means that we will direct, in our sole discretion and without first consulting the client, the investment and reinvestment of the assets in the client's account. For additional information, please see also the Investment Discretion section of this brochure (Item 16). We develop an Investment Policy Statement (IPS) for each client based on extensive personal discussions and data gathering about client objectives and constraints, time horizons, risk tolerance, liquidity needs, investment experience and individual or family needs. Each client portfolio is managed pursuant to the objectives and constraints detailed in the IPS.

Account supervision is guided by the client's stated investment objectives (i.e., capital preservation, income, long term growth, inflation protection, and low volatility), as well as tax considerations and financial planning constraints.

Once the portfolio has been established, we review it regularly and when necessary, rebalance it according to the individual client's asset allocation goals. A detailed description of review processes is provided in Item 13, Review of Accounts.

Our investment recommendations will generally include the following securities:

- Cash and cash equivalents (including money market funds, bank CDs, etc.)
- Domestic Fixed Income – Corporate bonds or preferred stock, US government or US municipal bonds, exchange traded funds or mutual funds investing in these securities
- Foreign Fixed Income – Sovereign debt, mutual funds or exchange traded funds investing in any foreign bonds
- Equities: Large Capitalization – Common stock of domestic or foreign issuers with an equity market capitalization greater than \$15 billion (direct or through exchange traded funds or mutual funds)
- Equities: Mid Capitalization – Common stock of domestic or foreign issuers with an equity market capitalization less than \$15 billion but greater than \$3 billion (direct or through exchange traded funds or mutual funds)
- Equities: Small Capitalization – Common stock of domestic or foreign issuers with an equity market capitalization less than \$3 billion (direct or through exchange traded funds or mutual funds)
- Equities: Foreign Emerging Markets (directly through Depositary Receipts or exchange traded funds or mutual funds investing in emerging markets)
- Other – commodities, Treasury Inflation Protected Securities, floating rate securities, foreign currencies, option-writing, inverse-return funds and short-selling strategies (directly or through exchange traded funds or mutual funds).

Retirement or Employee Benefit Plan Accounts Subject to ERISA:

Clients appoint us, and we accept appointments, as an ‘investment manager’ for purposes of the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code of 1986 (the Code). We acknowledge that we are a ‘fiduciary’ within the meaning of Section 3(21) of ERISA and Section 4975 (e)(3) of the Code (but only with respect to the provision of services described in the section of this brochure entitled Investment Management

Services). If we manage only a part of the assets of a Plan, clients understand that we will have no responsibility for the diversification of all of the Plan investments, and that we will have no duty, responsibility or liability for client assets that are not in the account or accounts that we manage.

AMOUNT OF MANAGED ASSETS

As of 12/31/2010, we were actively managing \$000,000,000 of clients' assets on a discretionary basis.

FINANCIAL PLANNING

Our firm may provide financial planning services in connection with investment management services at no additional fee. We believe financial planning is critical to success in investment management. Financial planning is the analysis of a client's current and future financial situation using current assumptions to predict future results in cash flow, retirement options, asset value and distribution planning. Each client is asked to complete a Financial Analysis Worksheet to provide us with a wide range of financial information. Completion of the worksheet coupled with in-depth personal interviews provide thorough data gathering. Depending on the level of planning desired, clients may receive a financial analysis binder designed to organize their financial information.

Our financial analysis might include any or all of the following areas:

- **PERSONAL/GENERAL SUMMARY:** We believe it is critical to have as much basic data as possible about our clients. We gather the following data: current personal information such as birthdates, social security #s, contact information for clients, parents, heirs; current contact information for other advisors, such as accountant, attorney, insurance agent; short term and long term financial planning goals. Periodically, this area includes cash flow management and budget planning.
- **NET WORTH PROJECTION:** We believe that monitoring net worth is critical to financial planning, whether it is increasing, decreasing or we are merely monitoring all the assets and liabilities. Annually, we prepare an unaudited statement of net worth for many of our clients.

- **RETIREMENT PROJECTION:** We believe that each client should have some sense of their retirement roadmap. Our retirement projection is focused on our clients living to be age 100. We project expenses (including ordinary taxes, capital gains taxes, social security taxes, mortgages, other loans, savings and general household expenses). We project income (including salary, social security, pensions, distributions from trusts, required minimum distributions from qualified plans). We also use assumptions to project account growth. From this projection, clients are able to see year-by-year how their income compares to their expenses.
- **INSURANCE SUMMARY:** We work with a qualified group of insurance advisors to collaborate a summary of our client's insurance protection against the risks of health, disability, long term care, and death.
- **INVESTMENT ANALYSIS:** We believe that thorough investment analysis must be coupled with financial planning. It is at this point in the financial planning process that we work through the client investment analysis. (See Investment Management Services, above.)
- **TAX PLANNING:** We do not prepare income nor estate tax returns for our clients. We believe, however, that tax planning is critical to investment success. We work closely with clients and their tax preparers to understand each client's tax situation. We monitor tax bracket and loss carry-forward.
- **ESTATE SUMMARY:** We prepare a summary of beneficiaries, trusts and other estate details that clients care to share with us. We work closely with estate professionals to help manage and monitor our client's estates as situations change.

Implementation of the financial planning recommendations is at the discretion of the client. However, we keep an ongoing 'Action List' that reminds clients of our recommendations.

Item 5 Fees and Compensation

INVESTMENT MANAGEMENT FEES

The fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following standard schedule:

<u>Assets Under Management</u>	<u>Fee</u>
Under \$1,000,000	2.00%
\$1,000,000 and above	1.00%
Minimum Fee:	\$1,250 per Quarter

These advisory fees are not negotiable. However, we reserve the right to waive, discount, or to change our annual management fee percentages and minimum fee amount.

FINANCIAL PLANNING FEES

Grange Capital, LLC offers financial planning services in connection with investment management services, at no additional fee.

GENERAL INFORMATION

Termination of the Advisory Relationship: Either the client or Grange Capital, LLC may terminate the Managed Account Agreement by providing written notice to the other. Such termination of the agreement will not affect (a) the validity of any action previously taken by us under the Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the Agreement; or (c) client's obligation to pay advisory fees (prorated through the date of termination).

Mutual Fund Fees: All fees paid to Grange Capital, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Clients can invest in mutual funds directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Grange Capital, LLC.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and transaction costs charged by broker dealers

and custodians. Please refer to the 'Brokerage Practices' section (Item 12) of this Form ADV brochure for additional information.

Grandfathering of Minimum Fee Requirements: Pre-existing advisory clients are subject to Grange Capital, LLC's minimum advisory fees, or zero minimum fees, in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum fee requirements will differ among clients.

Advisory Fees in General: Clients should note that lower fees for comparable services may be available from other sources.

Prepayment of Fees: Grange Capital, LLC does not require or accept fees paid in advance of services rendered.

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

In this context, 'side-by-side management' describes a practice where an adviser manages accounts for which it charges performance-based fees while simultaneously managing accounts for which no performance-based fees are charged. This practice can lead to conflicts of interest that must be disclosed to clients and prospective clients. Because Grange Capital, LLC does not charge performance-based fees, this section does not apply to us.

Item 7 Types of Clients

Grange Capital, LLC provides advisory services to the following types of clients:

- Individuals and High Net Worth Individuals
- Pension and Profit Sharing Plans
- Endowments and Foundations

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

METHODS OF ANALYSIS

While we are generally long-term oriented investors focused on what is traditionally considered 'fundamental analysis', we are open to any credible

analysis that we believe can help us optimize our decision-making process. The following represent our most often used methods of analysis.

Asset Allocation. The distribution of financial assets among various types of stocks and bonds is the primary determinant of the variability of returns to an investment portfolio.

Because we believe no one can predict, with any sufficiently consistent level of success, which class of financial assets will generate optimal returns over any period of time, we recommend prudent exposure to multiple asset classes. Each recommended asset class offers what we believe to be an attractive rate of return over time. However, each recommended asset class is expected to generate its returns in a pattern that is different from other recommended asset classes.

One risk of asset allocation is that the benefits (different patterns of return) can dissipate during market panics – precisely the moment they would be needed most. Another risk is that the ratio of the asset classes will change over time due to market movements and, if not corrected, may no longer be appropriate for the client's goals.

Fundamental Analysis. We attempt to determine the intrinsic value of a security by focusing on the economic and financial factors that affect a company's current operations and its future prospects. Having established an intrinsic value (or range of values), the current share price may be then revealed to be undervalued (below our intrinsic value – often a good time to buy) or overvalued (above our intrinsic value – often a good time to sell).

Fundamental analysis is silent with regard to anticipating the direction, timing and size of market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market irrespective of the economic and financial factors considered in evaluating the security.

Mutual Fund and Exchange Traded Fund (ETF) Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time that includes different economic and market conditions. We also look at the expenses charged by a fund to judge whether we are paying a reasonable price for the benefits we expect to receive. We study the actual assets that comprise the fund's portfolio to verify that they are following their stated investment strategy and to determine if there is meaningful overlap in the underlying investments and our clients' other holdings.

A risk of mutual fund or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. Additionally, because we do not control the underlying investments in a fund or ETF, managers of various funds held by our clients may buy or sell the same security, increasing our clients' exposure to owning (or not owning/being short) that security. As suggested above, there is also a risk that a manager may deviate from the stated investment mandate of the fund or ETF, rendering ownership less suitable.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and estimate the impact of such factors on intrinsic value.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and quantify the direction, likelihood and timing of meaningful price changes for individual securities or market indices.

A risk of technical analysis is that it does not consider the underlying financial condition of a company and can therefore introduce the risk of a poorly-managed or financially-challenged company that underperforms irrespective of the price patterns identified.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to measure the direction, likelihood and timing of a meaningful price change.

Charting. In this version of technical analysis, we review charts of market and security activity in an attempt to ascertain whether there is a general trend (up or down) and to judge the probability of a continuation or reversal of that trend.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we buy and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a

risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We intend to use the following strategies in managing client portfolios, provided the strategies are appropriate to the objectives and constraints for each client.

Long-term purchases. By holding assets for a long period, we increase the probability of generating positive absolute returns by reducing transaction costs (commissions, spreads, etc.). There is a limit to the number of correct decisions any human can make. We insist on hoarding our precious transactional ammunition for truly worthy targets. Furthermore, in the presence of taxes, it is imperative that an investor benefit from the tax-free compounding and the lower long-term capital gains tax rate to generate an acceptable after-tax rate of return.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we are forgoing possible short-term gains that might be attainable.

Short-term purchases. From time to time we may identify opportunities that are unlikely to be long-term in nature. In some of these situations, we may judge the higher expenses (commissions, spreads, taxes, etc) to be justified by the magnitude and likelihood of the potential benefit.

Short sales. When we identify an investment vehicle as overvalued, we may use short sales to profit from an anticipated decline in a stock or to hedge a portfolio against anticipated volatility. In a short sale, we borrow the intended stock from a broker and sell it with the proceeds deposited to your account. At a later date we will close the position by buying the shares back and returning them to the broker. If bought back at a lower price than originally sold, the client earns a profit. If bought back at a higher price, the client suffers a loss.

Margin Transactions. If authorized by a client, we may make investments or engage in other permissible transactions which may result in borrowing (margin transactions). Such transactions are utilized for client convenience only and not for the purpose of leverage.

Option writing. If authorized by a client we may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the

obligation, to buy or sell an asset at a specific price on or before a certain date. An option is a security (just like a stock or bond is a security) and a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A put gives the holder the right to sell an asset at a certain price within a specific period of time.

We intend to use two option strategies:

- We may buy a put to limit the downside of a security we have purchased for a portfolio.
- We may sell a call on a security you own, either to help pay the cost of a put we purchase or to generate additional income to the portfolio.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client or prospective client evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have not been subject to any disciplinary action.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Generally, we seek to avoid material conflicts of interest.

Accordingly, none of our principal or staff personnel receive any third-party direct monetary compensation (i.e., commissions or other fees) from brokerage firms, custodians or mutual fund companies.

However, certain additional services and non-direct monetary or other forms of compensation are offered and provided to Grange Capital, LLC as a result of its relationship with our custodians, Charles Schwab, Fidelity, and TD Ameritrade. For example, our investment advisors and employees may be

invited to attend educational conferences or entertainment events sponsored by Schwab.

Additionally, Grange Capital, LLC may receive economic benefit from brokers in the form of research as well as investment and financial information, and electronic interfaces from Charles Schwab, Fidelity, and TD Ameritrade to facilitate account review, reconcile cash balances, and place trades. Please also see this brochure Item 12 (Brokerage Practices).

Grange Capital, LLC and/or its employees may buy or sell securities that it also recommends for clients.

As required under Rule 204A-1 of the Investment Advisers Act of 1940, Grange Capital, LLC has adopted a written Code of Ethics (the Code), with which all employees are required to comply.

The provisions of the Code of Ethics are not all-inclusive, but are intended to insure that client interests are placed ahead of those of the firm and its employees. Transactions for clients must always take precedence over personal transactions. Should any situation arise which is not specifically governed by this Code of Ethics, this general intent will govern the resolution of the matter.

The Code addresses:

- Personal trading by supervised persons (employees) of Grange Capital, LLC, designed to prevent conflicts between employee interests and client interests when the same or similar securities are bought or sold. This includes requiring that employees obtain pre-approval of certain securities transactions before the securities can be traded in employee personal accounts.
- Reporting requirements for employees to report personal securities transactions on a quarterly basis in addition to providing initial and annual holdings reports.
- Prohibitions against insider trading (against the use of material non-public information).
- Grange Capital, LLC 's policy concerning giving and receiving gifts.

- Non-disclosure of confidential client information, security of confidential personal information, privacy notices and the protection of client nonpublic personal information.
- Policies for service by Grange Capital, LLC 's employees on a board of directors of any publiclytraded company.
- Policies for recordkeeping.

Further, the Code is based upon the basic principle that Grange Capital, LLC employees owe a **fiduciary duty** to the firm's clients to conduct their affairs, including their personal securities transactions, in a manner that places client interests ahead of their own and to avoid taking inappropriate advantage of their position of trust and responsibility with the firm. We have an affirmative duty to act solely in the best interests of our clients.

Grange Capital, LLC and its employees are subject to the following specific fiduciary duties with respect to working with our clients and for the firm:

- The duty to have a reasonable, independent basis for the investment advice provided.
- The duty to obtain overall best execution for a client's transactions.
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances.
- A duty to be loyal to clients.

Each employee of Grange Capital, LLC is provided a copy of the Code of Ethics and any amendments and is required to provide a written acknowledgment confirming that she or he has read, understands and agrees to comply with the Code of Ethics.

Grange Capital, LLC's Chief Compliance Officer is primarily responsible for implementing and administering the Code of Ethics. Employees are required to report any violations of the Code of Ethics or any applicable Federal and State laws. We require that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Failure to comply with the Code may result in disciplinary action.

Grange Capital, LLC will provide a copy of the Code of Ethics to any client or prospective client upon request. To request a copy, please send an e-mail to info@grangecapital.com or call us at 503-639-3001.

Item 12 Brokerage Practices Brokerage Firms and Custodian, Generally

In our written Investment Advisory Agreement, the client gives discretionary authority to Grange Capital, LLC to select the broker dealer and give to them instructions for the investment and reinvestment of the assets in securities and cash or cash equivalents in the client's account. Clients may request us to sell or hold a specific security (such as a legacy holding with which the client has an attachment), and can change these requests in writing at any time.

Charles Schwab (Schwab), Fidelity, and TD Ameritrade are the custodians and primary brokers for client securities accounts. We accept directed brokerage requests from clients but recommend the three custodians listed above.

Custody and institutional trading are available to Grange Capital, LLC on an unsolicited basis and at no additional charge (beyond the institutional commission schedule). Additionally, under the 'prime broker' program at Schwab, Fidelity, and TD Ameritrade we trade through other brokers when it is beneficial to do so. Prime brokers provide research expertise, access to securities markets, access to fixed income inventory, and commission cost breaks (lower rates per share v. standard predetermined rates) that can produce superior trading opportunities.

Soft Dollars, and Compensation for Client Referrals

The term 'soft dollar arrangement' describes a brokerage practice in which investment advisers use client brokerage commissions to pay for goods or services. This practice can create a conflict of interest when an incentive exists to select a broker-dealer based on an adviser's interest in receiving the research or product, rather than on best trade execution for the client. Grange Capital, LLC has an agreement with Fidelity to participate in a soft-dollar arrangement. Soft Dollars earned are held at Fidelity and used exclusively for investment research. We do receive an economic benefit from the services that we obtain from Charles Schwab and TD Ameritrade from time to time.

Specifically, we receive research (broker-created or developed by a third party) to aid us in investment decision-making, access to Internet-based platforms to execute trades, access to Schwab's electronic interface to reconcile account transactions, and access to the advisor area of Schwab's web site to access client account information. These services may benefit accounts other than the

one(s) for which trades are executed at any given time. Please see the section entitled Best Trade Execution, detailed below.

Grange Capital, LLC does not receive cash or other compensation from non-clients in connection with giving advice to clients. Likewise, we currently do not compensate any person for client referrals not registered and affiliated with our firm, and we do not participate in any sponsored referral program.

Block Trading (Aggregated Orders)

Grange Capital, LLC will trade shares in 'blocks' where possible and when advantageous to clients. This blocking of trades permits the trading of securities composed of assets from or for multiple client accounts.

Block trading may allow us to execute equity trades in a more timely and equitable manner, at an average share price. Grange Capital, LLC's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Grange Capital, LLC or our firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and constraints applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will enable Grange Capital, LLC, to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a '20-20 hindsight' perspective. Our Best Trade Execution Practices are discussed in greater detail, below.
4. Prior to entry of an aggregated order, a written trade order must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. Grange Capital LLC creates a monthly spreadsheet workbook for all trades: ordered, allocated and posted, which is our written trade order.
5. If an order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made

- to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges on smaller orders.
6. Generally, each client that participates in the aggregated order will do so at the average price for all separate transactions made to fill the order, and typically share in the commissions on a pro rata basis in proportion to the client's participation. However, under the client's account agreement with the custodian/broker, transaction costs may be based on the value of the account, client participation in electronic delivery of trade confirmations and statements, or the number of shares traded for each client.
 7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided following the execution of the block trade.
 8. Funds and securities for aggregated orders are clearly identified with participating client account numbers in Grange Capital LLC's records and to the broker-dealers handling the transactions. We account for all transactions in individual accounts.
 9. No client or account will be favored over another.

BEST TRADE EXECUTION PRACTICES

Best trade execution practices include gathering relevant information, monitoring trading activities and periodically reviewing and evaluating the services provided by broker/dealers, research, commission rates, and overall relationships as well as the best overall qualitative execution. Costs are important in trading, but we believe that the main purpose of trading is to capture the value of investment decisions. Factors that we consider in reviewing for best qualitative trade execution include:

- Timeliness and Accuracy of Trade Confirmations
- Liquidity of Securities Traded
- Research Services Provided
- Order Flow, Execution Facilitation and Services Provided
- Record-keeping Services Provided
- Custody Services Provided
- Frequency and Correction of Trading Errors
- Access to a Variety of Market Venues
- Expertise Related to Specific Securities
- Financial Condition of the Brokerage
- Business Reputation of the Brokerage.

Item 13 Review of Accounts

INVESTMENT MANAGEMENT SERVICES

REVIEWS: Our clients agree to meet with us no less than annually for the dual purpose of reviewing client circumstances and investment activity. We believe that these regular meetings are critical to our clients' financial success. If a client is unable or unwilling to comply with the annual review agreement, a letter is sent to the client reminding the client of their responsibility to advise us of any changes to their circumstances. Repeated failure to comply with this annual review agreement may result in the resignation of Grange Capital, LLC from the relationship.

While the underlying securities within individual accounts are continuously monitored, these accounts are reviewed at least monthly for conformity with existing recommendations. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. Specific reviews can also occur at the client's request and when individual circumstances change, when a client adds or withdraws funds from an account, when new positions are added or positions are sold, and when triggered by material changes in market, political or economic environment variables.

These accounts are reviewed by:

Brent Keeton, CIO

It is the responsibility of the reviewer to assure that client portfolios are in compliance with the respective client Investment Policy Statement. In the course of reviewing client portfolios, Grange Capital, LLC also reviews the pricing of assets for accuracy. We subscribe to third party pricing services for the daily valuation of client portfolios. Such services generally value securities at the last quoted sales price or an 'official closing price'. Securities for which there are no reported sales are valued within the range of the most recent bid and ask prices. Investment in open-end mutual funds is valued at the closing net asset value as reported by the respective fund sponsors.

REPORTS ON A QUARTERLY BASIS: In addition to the monthly statements and confirmations of transactions that our investment advisory

clients receive from the custodian, Grange Capital, LLC will provide on a quarterly basis:

- Portfolio Appraisal Report will itemize and value all positions for which Grange Capital, LLC provides supervisory services. The Appraisal will include the size of each position (number of shares/units), security name, unit and total cost, share/unit price as of quarter-end date, market value, percentage of total portfolio value held in each security, and current market yield.
- Summary of Management Fees for the quarter, for each account within the portfolio.
- In addition to these quarterly reports, for the year ended December 31 we include:

Realized Gains and Losses Report for taxable accounts

Management Fees summary, year-to-date, for each of the four quarters during which assets were managed by us

Privacy Policy Statement addressing our safeguards in place for the handling, access, and storage of client confidential information.

REPORTS FOR ANNUAL OR PERIODIC CLIENT REVIEW

- Client Objectives and Constraints, Risk Tolerance, and Financial Planning Goals (summary)
- Current Asset Allocation v. Target Allocation, by Asset Class
- Portfolio Value History (compares net invested capital against the value of the portfolio)
- Performance History v. Benchmark (for all years during which client assets have been under our management)
- Action List (for follow up, includes points unique to client circumstances, and discussion points relating to investment management, financial planning updates, and general 'housekeeping').

FINANCIAL PLANNING SERVICES

REVIEWS: Grange Capital, LLC offers financial planning services to clients in connection with investment management services, at no additional cost. Any reviews of financial planning matters normally will be conducted during the course of client reviews for investment advisory services.

REPORTS: Clients who request financial planning services will receive reports or plan documents according to the level and purpose of planning requested. This may or may not include a financial analysis binder, as described in Item 4 (Advisory Business).

Item 14 Client Referrals and Other Compensation

Grange Capital, LLC does not engage solicitors or pay related or non-related persons for referring potential clients to our firm. Grange Capital, LLC does not accept or allow our related persons (this includes all personnel) to accept any form of compensation, including cash, awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

In this context, ‘custody’ means holding directly or indirectly client funds or securities, or having the authority to obtain possession of them. We do not have actual or constructive custody of client accounts or account assets.

We previously disclosed in the ‘Fees and Compensation’ section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of our billing process, we advise the custodian of the amount of the fee to be deducted from each client account. The custodian is required to provide to the client on at least a quarterly basis a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the monthly statements that clients receive directly from their custodians, we also send reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports

to ensure that all account transactions, holdings and values are correct and current.

Grange Capital, LLC reconciles account data between the custodian and our internal accounting records on a daily basis to verify the accuracy of all client account holdings.

Item 16 Investment Discretion

Clients give us discretionary authority when they complete and sign an Investment Advisory agreement and an Investment Policy Statement (IPS) with our firm. They can limit this authority by giving us written instructions in the IPS. Clients may also change such limitations at any time by providing us with written instructions.

Additionally, via a Limited Power of Attorney (LPOA) authorizations, clients grant Grange Capital, LLC the limited authority to trade, access client account information, and disburse funds via check, wire or journal when the registration at the receiving institution is identical to the custodian account or when the disbursement is made payable to the account registration and mailed to the address of record.

Once clients engage us to provide discretionary asset management services, we may place trades in a client account without receiving specific client approval for each transaction.

Our discretionary authority includes the ability to do the following:

- Determine the security to buy or sell.
- Determine the amount of the security to buy or sell.

As previously disclosed in Item 4 of this brochure (Advisory Business), our firm does not generally provide non-discretionary asset management services. Exceptions to this practice can include providing investment guidance to the children of clients who manage their own portfolio accounts.

Item 17 Voting Client Securities

We vote proxies for all securities selected by Grange Capital, LLC and held in managed accounts, although, clients always have the right to vote proxies themselves. The client can exercise this right by instructing us in writing not to vote proxies for them.

We will vote proxies in the best interests of each client and in accordance with our established policies and procedures. If our firm has a material conflict of interest in voting a particular proposal, we will vote the proxy regarding that proposal in one of the following ways:

- Refer the proposal to the client to obtain instructions from the client on how to vote the proxy relating to that proposal.
- Obtain client ratification after disclosing the conflict (if such disclosure information is not confidential).
- Use our predetermined voting policy, or
- Notify the client of the conflict and assign proxy votes outright to an independent third-party.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. We vote proxies for some, but not all, of our clients. Clients may, at their election, choose to receive proxies related to their own accounts.

If a client opts out of our proxy voting services, that client retains exclusive responsibility for:

- Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted
- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients may request, in writing, information on how proxies for their shares were voted. If any client requests a copy of our complete proxy policies and

procedures or how we voted proxies for their account(s), we will promptly provide such information to the client.

Participating in Class Action Litigation Claims

To assist our clients in participating in the potential recovery of claims in class action securities law suits, we have retained the services of Chicago Clearing Corporation (CCC). CCC provides class action litigation monitoring and claim filing services. CCC charges a contingency fee of 20%, which it will subtract from the settlement before it is deposited to respective client accounts at Schwab. This service is offered to clients beginning in July, 2011. CCC will look back through available records and make filings for any and all cases that remain open for claims to be filed. Clients are automatically included in this service, but can Opt-Out by providing written notice to us. If a client Opt-Out, Grange Capital, LLC and CCC will not monitor any class action from which that client may be entitled to receive settlement amounts.

Item 18 Financial Information

As a registered investment adviser, we are required to provide you with certain information or disclosures about our financial condition. Grange Capital, LLC has no financial commitments that impair the firm's ability to meet its contractual obligations and fiduciary responsibilities.

We do not require or solicit payment of fees in advance of services rendered. Grange Capital, LLC has never been the subject of a bankruptcy petition.