

Part 2A and Part 2B of Form ADV: Firm Brochure

SUNDERMANN CAPITAL MANAGEMENT, LLC

Brochure, dated January 9, 2012

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This brochure provides information about the qualifications and business practices of Sundermann Capital Management (SCM). If you have any questions about the contents of this brochure, please contact us at 303-758-1223 or ned@sundermanncapital.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.

Material Changes

Since the last annual update of our brochure, dated February 16, 2010, we have made the following material changes to Item 5 A:

Our standard fee schedule for new clients is:

1.5% of the first \$250,000
1.25% of the next \$250,000
1.00% of the balance over \$500,000

Other fee structures may have applied in the past
Fees may be negotiable for certain types of accounts or circumstances

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Advisory Business

A. Sundermann Capital Management was founded in 1979 to provide fee-only portfolio management for individuals, corporations, trusts, foundations, and employee benefit plans. It is a Limited Liability Corporation whose sole owner is Edward H. Sundermann.

B. We provide continuous investment management on a discretionary basis. Our general approach is to use fundamental securities analysis to build a balanced portfolio designed to provide a reasonable total return from a combination of long-term growth and investment income.

C. We have a limited number of clients and manage each account separately, based on client needs and objectives. We formulate a Personal Investment Strategy for each new client and provide individually structured portfolios to meet his or her personal needs. This Strategy Statement is mutually agreed on, reviewed when appropriate, and updated or amended as your needs change.

A typical account is invested in individual securities: stocks, bonds, cash, etc.) in ratios appropriate for your objectives and market conditions. In structuring your portfolio, we will consider your investment expectations, risk tolerance, tax considerations, social or ethical constraints, and any specific instructions or restrictions you may have.

D. Wrap fee programs N/A

E. Our total assets under management as of December 31, 2011 was \$55,357,788 of which \$52,179,898 is managed on a discretionary basis and \$3,177,890 is handled on a non-discretionary basis.

Fees and Compensation

A. Our investment management fees are based on market value of assets under management. Our standard fee schedule for new clients is:

- 1.5% of the first \$250,000
- 1.25% of the next \$250,000
- 1.00% of the balance over \$500,000

Other fee structures have applied in the past
Fees may be negotiable for certain types of accounts and circumstances

B. Fees are billed quarterly, in advance, and are typically deducted from clients' accounts. Written invoices detailing our fee computations are provided with our quarterly reports.

C. In addition to advisory fees, clients will incur brokerage transaction costs and may pay mutual fund expenses if this type of investment is utilized. (See Item 12 - Brokerage Practices)

D. Our quarterly fees are billed in advance. If the advisory contract is terminated before the end of the period, a pro-rated fee refund will be made by check. This will be calculated based on number of days remaining in the period after the agreed termination date. (the unearned portion of the fee)

E. None of our principals or employees receive any compensation for the sale of securities, service fees, or other investment products.

Performance-Based Fees and Side-By-Side Management

There are no performance-based fees in addition to our base fee, as we consider this to be a conflict with our clients' interests.

Types of Clients

We provide investment management for individuals, corporations, trusts, employee benefit plans, and foundations. Minimum household account size is generally \$1,000,000, however exceptions may be made under certain circumstances or for family of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

A We use fundamental securities analysis to invest in a broadly diversified list of common stocks, preferred stocks, convertible securities, bonds, and cash equivalents. This analysis determines what kind of businesses we want to own, and how much we should pay for these companies. When considering a company for investment, we look for financial strength, relative value, a margin of safety, reasonable accounting policies, and capable management.

We use various proprietary valuation models to determine the worth of a company. Our *PLUMS Pricing Model* (Price level – Ultimate/Minimal/Standard) is used to forecast the expected trading range of a stock versus its Base Value. We use our *CORE Asset Allocation Model* (Cyclical Opportunity Research and Evaluation) to identify market sectors that are relatively undervalued or overvalued on a historical basis. Other in-house valuations models we typically employ are our *Discounted Cash Flow model*, *Enterprise Value model*, and a *Normalized Earnings Yield model*.

Our sell discipline requires us to consider reducing or eliminating investments on the basis of overvaluation, deteriorating fundamentals, misinformation, or better opportunity. When appropriate, we may also sell options against positions to increase profits, provide additional income, and/or reduce downside potential. It should always be remembered that investing in securities entails many variables and assumptions, and always involves the risk of loss of capital.

B Investing activities always entail risk, and there are various types of risk, both seen and unseen, Among the major risks we would mention: market risk, inflation risk, interest rate risk, currency risk, and political risk. Primary risks to our fundamentals-based approach might be general market risk, geopolitical risk, incapable or fraudulent management, poor timing/execution, or mistaken assumptions or projections.

C Even though our portfolios are diversified across asset classes and company holdings, some risks are difficult to foresee, let alone mitigate. There always remains the risk of war, recession, market crashes, illiquidity, currency debasement, and political upheaval.

Disciplinary Information

There are no legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management.

Other Financial Industry Activities and Affiliations

None of our management or related persons has any other financial affiliations or activities that are material to our advisory business.

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

A We have adopted a Code of Ethics pursuant to SEC Rule 204A-1, which is designed to set standards of conduct for advisory personnel. It states that we have a duty to exercise our authority for the benefit of our clients, to place the interests of our clients first, and to avoid any circumstances that might adversely affect our duty of complete loyalty to our clients. Our conduct will be based on principles of openness, integrity, honesty, and trust, and any conflicts will be disclosed to our clients. The general intent of this Code is that, in any situation where the potential for conflict exists, the interests of our clients must take precedence over the interests of the firm or its associates.

Our Code of Ethics will be provided to all clients and prospective clients upon request. An offer to deliver a copy of our Code of Ethics is made to all clients annually.

B N/A

C We may recommend or trade securities (or related securities, such as options, warrants, or futures) which are also owned by persons affiliated with our firm, or we may participate in bunched trades along with or clients. In these situations, or where conflicts of interest arise, client accounts are given priority, and if price discrepancies exist, clients will receive the most favorable price. In practice, before buy or sell orders are entered, we determine the amount to be purchased or sold for each client account and our affiliate accounts, and simply purchase that amount as a total in our master account. Upon execution the trade is allocated accordingly, at the same price for all participants. In the case of partial executions, clients will receive priority.

D A conflict exists where there are multiple bunched transactions, with different execution prices, in our master account on the same day for clients and Sundermann Capital personnel. In this case, all accounts will receive the same average price. If pricing discrepancies exist, client accounts will receive the most advantageous price.

Any personnel associated with our firm are prohibited from purchasing new equity issues (IPO's or "hot issues") on the initial offering. This does not apply for offerings of preferred stocks or bonds, providing that all client demand is met first.

A copy of our Trade Allocation Policy is available upon request.

Brokerage Practices

A We may select which broker-dealer is used for client transactions. Custodians and broker-dealers are selected based on: 1) trade execution and cost, 2) overall efficiency and accuracy, 3) back-office support and experience 4) financial stability, and 5) reliability. Various commission arrangements may be available to clients, and we attempt to determine which is most advantageous for each particular account, considering the account size, type of securities to be traded, anticipated turnover, and average number of shares traded. Under our *Best Execution Policy*, we seek the best transaction terms reasonably available for our clients under the circumstances. Quantitative and qualitative factors, not necessarily the lowest commission rate, are considered in determining the most advantageous overall costs. Subjective factors that may be considered are: transaction speed, consistency and accuracy of execution and reporting, systems capacity and reliability, error resolution, and record-keeping. A copy of our *Best Execution Policy* is available on request.

1. We may receive research and other benefits as a result of maintaining client accounts at a particular broker-dealer or custodian. These could include software and technology for portfolio management, market data, client reporting and record-keeping. Availability of these benefits is a conflict of interest:
 - a. Use of client commissions to obtain these products or services benefits our firm, since we are not required to pay for them.
 - b. This could incent us to recommend a broker-dealer based on receiving these products rather than basing the decision on your best interests.
 - c. To our knowledge, our clients do not pay commissions that are materially higher than those charged by other broker-dealers as a result of these benefits to us.
 - d. The services we receive generally are used to service all our clients equally, but may not be directly proportional to the size of the account or transactions generated.
 - e. In our last fiscal year we were provided with benefits such as consulting, publications, presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available or discount fees for services by independent third parties.
 - f. In our last fiscal year, we made no effort to direct client transactions to a particular dealer in an effort to obtain any of the benefits described above.
2. We do not consider using any particular broker-dealer or custodian as a means to receive client referrals.
3. Directed Brokerage.
 - a. We routinely recommend that clients direct us to execute transactions through Chas. Schwab & Co. We do, however, use the Prime Broker function to execute trades through other brokers if we deem this to be to our clients' advantage. We understand that this arrangement may not be required by other

advisers, and may result in added costs to clients if we are unable to achieve the most favorable execution of client transactions. Our firm is not affiliated with, nor do we have any economic relationships with any broker-dealer.

B. For large transactions, or transactions for a large number of client accounts, we typically aggregate orders. This means we would place one order, and upon execution, allocate shares to individual accounts on a predetermined basis. This results in a more efficient way to track trades. For smaller transactions, illiquid securities, or for transactions across an isolated number of client accounts, we may enter orders under the individual client accounts. This removes the necessity of allocating the trade and does not result in increased transaction costs for clients, although it may result in price discrepancies.

Review of Accounts

A. Having a limited number of clients allows us to review client accounts frequently. All client accounts are reviewed at least monthly by our president/portfolio manager, and performance is compared to a benchmark to highlight outliers. It is important to note that the same securities are held across most of our client accounts, and these holdings are monitored daily.

B. Our larger accounts are monitored on a daily basis, which gives us an overview as to how most of our holdings are performing. Our aggregate performance is compared to the S&P 500 Index on a daily basis as an indication of relative performance, which could trigger a review. In addition we use system alerts set to notify us of unusual moves in particular securities which could also trigger a review. Clients are encouraged to monitor their accounts' daily status on www.schwaballiance.com.

C. Written quarterly reports for each account are mailed to all clients. This includes:

1. Our *Performance Summary*, which measures portfolio performance on an absolute basis net of all fees and expenses, and also relative to the particular account's Benchmark, relative indexes, and a riskless rate of return. Our *Growth Benchmark* is the S&P 500 Index. Our *Balanced Account Benchmark* is the average of the S&P and the Barclays Aggregate Bond Index. The *Income Account Benchmark* is the Barclays Aggregate Bond Index. The Performance Summary includes details for beginning and ending values, Investment gain/loss, contributions/withdrawals, fees and expenses, and investment income. We typically include performance for the most recent quarter, year-to-date, and trailing twelve months.

2. Our *Comparative Performance Report* is a graphical presentation of portfolio performance relative to a client's Benchmark and pertinent indexes. It also details performance on a quarter-by quarter basis relative to these measures, and generally covers the trailing twelve month period.

3. An end-of-quarter *Portfolio Statement* is also provided to clients. This report lists all account holdings by asset class, and for each holding shows: cost, market value, gain/loss in dollars and percentages, yield, and percent of total.

4. Our *Advisory Fee Statement* shows the portfolio value, applicable fee percentages, details of the fee calculation, and fee amount.

Client Referrals and Other Compensation

A. N/A

B. We may enter into agreements with non-associated persons or firms (solicitors) who refer clients to us. All such agreements are made in writing pursuant to SEC Rule 206(4)-3 of the Investment Advisors Act of 1940. Specific terms of these agreements may differ, but a solicitor's compensation is generally based on a percentage of the fees paid to us by the introduced client. This referral fee does not influence the fee that the introduced client will pay for our services. Solicitors are required to furnish each potential client with a copy of our Form ADV-Part II as required by Rule 204-3, and a Solicitor's Disclosure as required by Rule 206(r)-3(b).

Custody

Chas. Schwab & Co, not Sundermann Capital, has custody of your funds and securities. You will receive quarterly, or more frequent account statements directly from Schwab, which you should carefully review. We also send quarterly statements (see Item 13 - Review of Accounts), and we urge you to compare the statements you receive from Schwab with the ones you receive from us.

Any funds or securities for deposit into your account should be sent directly to Chas. Schwab & Co, specifying your account number. We are not a custodian, and funds or securities inadvertently received by us will be returned to you for deposit to your custodian.

Investment Discretion

We are authorized by our Investment Advisory Agreement to manage your investments on a discretionary basis. Discretionary authority is also granted by a limited power of attorney contained in the Chas. Schwab & Co. new account application. Clients, however, still retain authority over their accounts and are able to make transactions. We realize that certain clients may have regulatory, ethical, or social constraints on purchases or sales of specific securities, which we respect.

Voting *Client* Securities

A. We accept authority to vote client securities (proxy voting). We exercise this authority pursuant to Rule 206(4)-6, which requires us to monitor corporate activities and vote in the best interests of our clients. If there are any material conflicts, they will be disclosed and your consent will be obtained before voting. We will never put our own interests ahead of our clients.

In voting proxies, we consider many factors, including corporate governance, accounting policy, management compensation, capital structure, and corporate and social responsibility. Our voting records are maintained for five years, and a copy of our *Voting Policy* and our voting records are available upon written request, which is disclosed to clients annually.

B. You may retain authority to vote your securities if you wish, in which case proxies and solicitations will be sent directly to you from your custodian or a transfer agent. In this case we will not advise you how to vote a particular issue.

Financial Information

N/A

Requirements for State-Registered Advisers

Management: Edward H. (Ned) Sundermann, President

Education: Xavier University - B.S. in marketing, 1964, plus all core graduate courses in Finance
College of the Holy Cross - Economics, 1960-61

Experience: Sundermann Capital Management, LLC - President and Portfolio Manager 1993 to present

Dain, Bosworth, Inc. - Senior V.P., Retail Account Executive 1990-93

Hanifen, Imhoff, Inc - Senior V.P/Equities Sales Manager. 1977-90
Member, Board of Directors, Investment Policy Committee, President's Council.
Corporate Finance Director, Tax Shelter Coordinator, Senior Registered Options Principal, Compliance Officer

Regis Graduate School of Business - Developed syllabus and taught Securities Analysis and Portfolio Management 1980-81

Prescott, Ball & Turben - Senior V.P., branch manager, institutional sales 1974-77

Hayden Stone, Inc, and Vercoe & Co. - Registered Rep., retail sales 1967-74

Former Licenses: Allied Member NYSE, Associate Member of American Stock Exchange, Member Midwest Stock Exchange, Branch Office Manager, General Securities Principal, Series 7, Commodities, Life and Variable Annuity

Affiliations: Former NASD arbitrator, Vice-Chairman of the NASD District 3 Business Conduct Committee, Chairman of its Nominating Committee. Past President Cincinnati Stock & Bond Club, Spokesman for the Securities Industry Association.
Member of CFA (Chartered Financial Analyst) Society of Colorado, American Mensa