

**Part 2A of Form ADV, Item 1:**  
***Firm Brochure dated 12/31/2011***

**Leavitt Financial Consultants, Inc. DBA**  
**Leavitt Capital Management, Inc.**

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This brochure provides information about the qualifications and business practices of Leavitt Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 847-205-1300. 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 Leavitt Capital Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that registration with the United States Security & Exchange Commission and the use of the term "registered investment adviser" does not imply a certain level of skill or training.

## **Item 2     Material Changes**

This Brochure dated December 31, 2011 replaces our last update dated December 31, 2010.

This Item discusses only specific material changes that are made to the Brochure and provide clients with a summary of such changes. This summary does not include all changes made to the Brochure.

There have been no material changes since our last update.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year.

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

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## Item 4 Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Leavitt Capital Management, Inc (“LCM”) is a SEC-registered investment adviser with its principal place of business located in Northbrook, Illinois. Our firm has been in business since 1985.

The firm's principal owner is William S. Leavitt.

B. Describe the types of advisory services you offer.

Our firm provides investment advice and investment management services to clients tailored to each client's specific needs. Our investment recommendations will generally include but are not limited to advice regarding exchange traded funds (“ETFs”), mutual funds, individual stocks or bonds, options, and other public and private securities or investments, including hedge funds, alternative investments and other investment managers.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio tailored to each client's needs. During our data-gathering process, we review the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Clients may impose reasonable restrictions on the types of investments made in their portfolio.

D. Participation in wrap fee programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis.

As of 12/31/2011, we were actively managing \$326,413,000 of client assets on a discretionary basis plus \$25,396,000 of client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Our standard fee is **1.00%** of assets under management. Fees generally range from **0.50%** to **1.50%**.

The fee will be based on the market value of securities and cash in Client's Account (as shown by the quarterly statement) at the end of each quarter. The fee will be computed and billed at the end of each calendar quarter (in arrears) by applying one-quarter of the applicable annual rate to the market value of the Client's Account. Fees for any partial quarter shall be prorated. Fees are due immediately upon receipt by Client of a bill from Adviser.

***Limited Negotiability of Advisory Fees:*** Leavitt Capital Management, Inc. negotiates fees on a per client basis within the range specified above. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors.

Fees for certain specific target assignments requested by the client are billed at either a fixed rate or an hourly rate. Such fees are negotiated with the client in each instance.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Clients are invoiced quarterly. Fees are paid via deduction from the client's broker account.

Fees are required to be paid to our firm regardless of investment performance. In the event that payment of fees requires the liquidation of securities, it is imperative that clients are aware that such redemption may have tax consequences.

Clients may choose to pay their fees directly.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

***Mutual Fund Fees:*** All fees paid to Leavitt Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or 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. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Brokerage and Other Transaction Costs:*** Clients will incur other charges imposed by custodians, brokers, and other third parties, such as transaction charges (commissions), custodial fees, and wire transfer fees. Clients may also incur courier charges for shipping of documents.

***Outside Hedge Fund, Private Equity and other Alternative Investments Fees:*** Clients may incur fees and expenses charged by hedge funds, private equity funds and other alternative investments in which clients may directly invest. These charges will generally include the applicable fees and expenses

allocated to investors in such investment funds, including administrative, management, investment and performance fees and expenses. These fees and expenses are described in each fund's prospectus. Such a fund may have a lock up period. If an early redemption is permitted by the fund, the fund may charge a redemption fee if the client redeems during the lock up period. A client could invest in such a fund 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 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***LCM Managed Fund/Partnership (LCM Funds) Fees:*** Clients may invest in LCM Funds and will incur fees charged by each fund.

Leavitt Capital Management receives an advisory fee from each LCM Fund, based on a percentage of the fund's market value, according to each fund's fee schedule.

In addition to the advisory fee, other LCM Fund charges may include (a) professional and legal fees, (b) costs of performing background investigations of and due diligence on managers of outside funds in which an LCM Fund may invest, (c) travel expenses related to due diligence, (c) fees charged by outside funds in which an LCM Fund invests, and (d) fees imposed by custodians, brokers, and other third parties, such as transaction charges (commissions), custodial fees, and wire transfer fees. These fees are allocated to the investors of each LCM Fund.

Specific fees and expenses are described in each fund's Operating Agreement and Private Placement Memorandum.

We do not charge duplicate advisory fees on such an investment. If a client invests in an LCM Fund, we deduct the market value of the LCM Fund investments from the client's market value prior to the client's fee calculation.

D. If your clients either may or must pay your fees in advance, disclose this fact.

We do not require or solicit payment of an investment management fee in excess of \$500 more than six months in advance of services rendered.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.

We do not sell securities for a commission.

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time.

including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Leavitt Capital Management, Inc. does not charge performance-based fees except on our Global Water Opportunities Fund.

## **Item 7    Types of Clients**

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Leavitt Capital Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Other pooled investment vehicles (e.g., partnerships, hedge funds)
- Corporations, limited liability companies and/or other business types
- Charitable organizations
- Other – family partnerships and other estate planning vehicles

Leavitt Capital Management, Inc. does not have a minimum account size for opening or maintaining an account.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Methods of Analysis:

- Charting
- Fundamental
- Technical
- Cyclical
- Asset Allocation

The investment Strategies used to implement any investment advice given to clients includes:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)

In addition to publicly traded investment classes, we also offer guidance to clients related to hedge funds, private equity funds and other alternative investments. We also provide guidance on global private equity managers and other alternative investment funds that invest in, and in some cases manage non-listed companies.

While client investments may increase and client account(s) could enjoy a gain, it is also possible that the investments may decline and client account(s) could suffer a loss. Investing in any securities or funds involves risk of loss that clients should be prepared to bear.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the funds we invest in, the information they provide us, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. It is important that you understand the risks associated with investing in these types of funds and investments, are appropriately diversified in your investments, and ask us any questions you may have.

## **METHODS OF ANALYSIS RISKS**

Charting involves the risk that the market may not trend as it has in the past.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical analysis involves the risk that the individual security does not trend or follow the economy as it has in the past.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.



## INVESTMENT STRATEGIES RISKS

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security, hedge fund, private equity, or alternative investment may decline sharply in value before we make the decision to sell.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

A hedge fund may make investments which use leverage, enter into long and short positions, use options and margin stock, as well as borrow money to invest in such items. All of these strategies involve risk of loss if the market moves against their positions.

A private equity fund or other alternative investment may experience losses if their investments are marked down in value, the underlying companies or investments the private equity company or alternative investment vehicle is invested in lose value or the private equity fund is unable to exit their investments.

Investments are not guaranteed and clients may lose money on their investments.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

We may suggest investments in alternative investments, including hedge funds, alternative investments and private equity funds ("Funds"),

When considering alternative investments, clients should consider and be aware of the following risks:

- Funds often engage in leveraging and other speculative investment practices that may increase the risk of investment loss and as a result their returns may be volatile.
- Funds can be illiquid and typically limit opportunities to redeem, and often impose a lock up period of one year to many years.
- Clients may lose all or a portion of their investment in the fund.
- Funds may invest in highly illiquid securities that may be difficult to value and may not provide periodic pricing or valuation information to investors.
- Funds may involve complex tax structures and may have delays in distributing important tax information.
- Funds are not subject to the same regulatory requirements as mutual funds.
- Funds often charge higher fees. Funds typically charge an asset management fee of 1-2% of assets, plus a "performance fee" of 20% of a hedge fund's profits. A performance fee could motivate a manager to take greater risks in the hope of generating a larger return.

- Funds are private entities with few public disclosure requirements. It can therefore be difficult for an investor to assess trading strategies, diversification of the portfolio, and other factors relevant to an investment decision.
- The use of a single manager could mean a lack of diversification and higher risk.
- There is little or no secondary market for the interests.
- Transfers of interests are subject to limitations. The fund's manager may deny a request to transfer if it determines that the transfer may result in adverse legal or tax consequences for the fund, or for any reason that the fund manager decides.
- Fund trades may take place on foreign exchanges that may not offer the same regulatory protection as U.S. exchanges.

A fund's offering memorandum describes the various risks and conflicts of interest relating to an investment in the specific fund and its operations. Clients should read the offering memorandum carefully before investing to understand the level of risk involved in the fund's investment strategies and to determine whether an investment is suitable for them in light of, among other things, their financial situation, need for liquidity, tax situation, risk tolerance and other investments.

## **Item 9 Disciplinary Information**

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Our firm and our management personnel have no disciplinary events to disclose.

## **Item 10 Other Financial Industry Activities and Affiliations**

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

We have nothing to disclose in this regard.

B. If you or any of your *management persons* are registered, or have 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, disclose this fact.

We have nothing to disclose in this regard.

C. Description of any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of our *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. 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).
2. sponsor or syndicator of limited partnerships.

***LCM Managed Fund/Partnership (LCM Funds)***

Leavitt Capital Management, Inc. is the general partner of Dakota Partners, LP

Leavitt Capital Management, Inc. is the manager of the following LCM Funds:

Aquilo Partners, LLC  
Bateman Street Partners, LLC  
Big T Partners, LLC, Series I  
Dharma Jade Partners, LLC  
Global Water Opportunities Fund, LLC  
LCM Natural Gas Investment Partners, LLC  
Latam Agro-Partners, LLC, Series I  
Leeward Islands Partners, LLC  
Magiloff Partners, LLC  
Markley Partners, LLC  
Maxwell Halsted Partners, LLC  
Pontifex Partners, LLC  
Red River Partners, LLC  
Southern Hemisphere Partners, LLC  
Terra Partners, LLC  
Tikun Partners, LLC  
Triton Partners, LLC  
Ventana Investment Partners, LLC  
Zambezi Partners, LLC

Additional details and information about each fund is available in each fund’s offering memorandum.

Clients of our firm are solicited to invest in these entities. However, because investment in these types of entities may involve certain additional degrees of risk (see item 8.C.), they will only be recommended when it is consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. **Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.**

We may cause an LCM Fund, managed by us and from which we are entitled to receive a management fee (the "Investing Fund") to make an investment in one or more other LCM Funds that are also managed by us and from which we are entitled to receive a management fee (the "Recipient Fund"). We will only make such an investment, however, if we determine that such an investment is (a) in the best interest of the Investing Fund and its investors and (b) consistent with the Investing Fund's investment criteria and objectives. There currently are four LCM Funds (Aquilo, Dakota, Terra, and Pontifex) that have made such investments.

If we make such an investment, Leavitt Capital Management, Inc. will not receive "duplicate fees". Rather, we will either (i) reduce the amount on which our management fee from the Investing Fund is calculated by an amount equal to the amount invested by the Investing Fund in the Recipient Fund or (ii) waive its management fee from the Recipient Fund on any amounts invested by the Investing Fund in the Recipient Fund. In any event, we will not receive fees on account of both, but may elect to receive the greater of the two fees.

Clients should be aware that the relationship with the firm and LCM Funds, and receipt of additional compensation by Leavitt Capital Management, Inc. may create a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Leavitt Capital Management, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest
- we disclose to clients that they are not obligated to purchase recommended investment products from us;
- we collect and maintain client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

We may recommend to clients possible investments sponsored or promoted by other investment advisers that Leavitt Capital Management, Inc. may be invested in or may have other business relationships with these advisers. We do not receive any compensation directly or indirectly from these advisers. However, these relationships may create a conflict of interest. These conflicts may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by Leavitt Capital Management, Inc. for services on behalf of the other. We will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of our legal and ethical responsibilities to our clients.

The following are the investment advisers that Leavitt Capital Management, Inc. may recommend, its relationship with the advisers, the possible conflicts of interest and how we address them:

We may recommend to clients possible investments sponsored or promoted by affiliates of Hilco Trading, Inc. ("Hilco"). One of the principals of Hilco is a client of Leavitt Capital Management, Inc. ("LCM"), and is a personal friend of Mr. Leavitt, the principal of the advisor. Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or

promoted by Hilco in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

We may recommend to clients possible investments sponsored or promoted by affiliates of St. Kitts Peninsula Development, LLC, the underlying investment in the Leavitt Capital Management-managed Leeward Islands Partners, LLC ("Leeward"). Two members of the General Partner of St. Kitts Peninsula Development were clients of Leavitt Capital Management, Inc. ("LCM"). Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or promoted by St. Kitts Peninsula Development in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

We may recommend to clients possible investments sponsored or promoted by affiliates of Eggheads, LLC ("Eggheads"). One of the principals of Eggheads is an advisory client of Leavitt Capital Management Inc. ("LCM"). Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or promoted by Eggheads in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

We may recommend to clients possible investments sponsored or promoted by affiliates of Artha Capital Management ("Artha"). One of the principals of Artha is an advisory client of Leavitt Capital Management, Inc. ("LCM"). Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or promoted by Artha in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

We may recommend to clients possible investments sponsored or promoted by affiliates of GMO Forestry Fund ("GMO"). One of the principals of GMO is an advisory client of Leavitt Capital

Management, Inc. ("LCM"). Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or promoted by GMO in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

We may recommend to clients possible investments sponsored or promoted by affiliates of Horizon Capital. One of the principals of Horizon Capital is an advisory client of Leavitt Capital Management, Inc. ("LCM"). Thus, a potential conflict of interest may arise between LCM and any fund or investment program (the "Fund") sponsored or promoted by GMO in which LCM advises its clients to invest. These conflicts of interest may include (i) conflicts in allocating LCM client resources to the Fund at times when other similar investment opportunities are also available, (ii) conflicts in enforcing LCM's rights against the Fund for non-performance, and (iii) conflicts related to the fees and expenses being charged by the Fund and by LCM for services on behalf of the other. LCM will seek to conduct its affairs in a manner anticipated to lessen the impact of these conflicts of interest. Such conduct will include, among other actions, the consideration of LCM's legal and ethical responsibilities to its clients.

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

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The provisions of LCM's Code of Ethics apply to all employees of LCM.

Leavitt Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Leavitt Capital Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or

professional capacity.

LCM or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

We actively market and recommend the investment funds we sponsor and manage ("LCM Funds") to certain of our advisory clients for investment. Such marketing and recommendations present a potential conflict of interest between us and our advisory clients, in that we are entitled to receive a management fee equal to a percentage of assets under management in the LCM Funds, which management fee may be greater than the management fee charged by us to our advisory clients. As a result, we have an incentive to market and recommend the LCM Funds to our advisory clients for the purpose of increasing the assets under management in the LCM Funds and, thereby, increasing the management fee payable to us. We seek to conduct our affairs in a manner we believe will lessen the impact of this conflict by, among other things, (a) only marketing and recommending the LCM Funds to our advisory clients for whom an investment is consistent with our client's investment parameters and goals, (b) providing full disclosure of our involvement and entitlement to a management fee in each LCM Fund prior to accepting any investment funds from an advisory client and (c) otherwise strictly adhering to our Code of Ethics.

C. If our firm or a related person invests in the same securities in which our firm or a related person recommend to clients, we are required to describe our practice and discuss the conflicts that arise in connection with personal trading.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. If investment goals are similar for clients and for members and employees of our firm, the interests of clients and prospects must be placed first at all times and investment opportunities must be made available to clients and prospects first, before employees may act on them. All personal securities trades by employees must be conducted consistent with this Code and in such a manner as to avoid any actual or potential conflicts of interest or any

abuse of an individual's position of trust and responsibility. In order to monitor compliance with our personal trading policy we have instituted several ways to detect inappropriate trading patterns or securities holdings, as they pertain to insider trading, they include the disclosure of each employees' personal securities holdings shortly after being hired and thereafter on December 31st of each year (the information in each report must be current as of a date no more than 45 days prior to the date the report is submitted). And through quarterly transactions reports that are required to be filed by each employee no later than 30 days after the end of each quarter.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

We have established a timeline of five (5) business days as a period in which Leavitt Capital Management employees (and all relatives) will be prohibited from buying or selling any security in which Leavitt Capital Management has either purchased or sold for clients.

## **Item 12 Brokerage Practices**

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

Our general policy in suggesting and selecting brokers is to choose brokers who will execute transactions efficiently and at a favorable price. Subject to this policy, we will consider the firm's integrity, financial responsibility, reputation, the range and quality of services available from the broker, including execution, clearance procedures, and ability to provide any statistical or other research information useful in achieving clients' objectives. Brokers are therefore not selected solely on the basis of lowest commission rate available.

We do not use soft dollar benefits. However, our firm participates in the Schwab Institutional program.

Schwab Institutional is a division of Charles Schwab & Co., Inc. ("Schwab") a FINRA registered broker-dealer, member SIPC. Schwab is an independent [and unaffiliated] SEC-registered broker-dealer. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional and is not otherwise contingent upon our committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.



Schwab Institutional also makes available to our firm other products and services that benefit Leavitt Capital Management, Inc., but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

As a result of receiving the services (discussed above) for no additional cost, we may have an incentive to continue to use or expand the use of Schwab's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Leavitt Capital Management, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as

part of the total mix of factors we consider and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

We do not have any soft dollar arrangement with brokers.

2. Brokerage for Client Referrals. If we consider, in selecting or recommending broker-dealers, whether our firm or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

We do not receive brokerage for client referrals.

3. Directed Brokerage.

a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

We request that clients direct us to execute transactions through Charles Schwab & Co, Inc., except as described in Item 12. 3. b. (below)

b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Under certain circumstances, such as participation in an ERISA plan sponsor account, clients may maintain existing brokerage accounts. In doing so, a client may pay higher commissions, or receive a different price upon purchase or sale of a security, or experience a delay in execution of transactions.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the cost to clients of not aggregating.

We do block trades when advantageous to clients. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading allows us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker. Our 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 Leavitt Capital Management, Inc.

- 2) Our traders, in concert with the portfolio manager, must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable LCM 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. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 6) LCM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 7) Funds and securities for aggregated orders are clearly identified in LCM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 8) No client or account will be favored over another.

## **Item 13    Review of Accounts**

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Accounts are reviewed on a monthly basis by the primary analysts under the supervision of William S. Leavitt to ensure the accounts are within allocation parameters to which advisory clients have agreed, either orally or in writing. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. These accounts are reviewed by:

William S. Leavitt, President

Patrick E. Lawlor, Client Service and Investment Director

Jason J. Zak, Research Analyst

Matthew E. Harrigan, Research Analyst

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

More frequent reviews may be triggered by factors such as the client's individual circumstances, major

market events, political or economic environment, or specific requests by the client.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

We provide monthly reports summarizing account performance, balances and holdings.

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

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we will disclose to clients the existence of all material conflicts of interest. In addition, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

We will pay a referral fee pursuant to a written agreement to certain referring sources of forty-five percent (45%) of all fees charged to and collected by us from the referred customer.

In addition, we will pay a referral fee pursuant to a written agreement to a certain referring source of twenty percent (20%) of all fees charged to and collected by us from the referred customer.

## Item 15 Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Custodians will send our clients independent account statements. In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a monthly basis. We urge our clients to carefully compare the information provided on these statements and contact us immediately with any questions they may have.

## Item 16 Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

We provide discretionary asset management services. We place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Any investment in alternative funds must first be approved by the client. The client will execute each fund's subscription documents.

Clients give us discretionary authority when they sign an investment agreement with our firm for the management of their account, and may limit this authority by giving us written instructions. Clients give us limited power of attorney upon execution of an account application with a custodian. Clients may also change/amend such limitations by once again providing us with written instructions. Leavitt Capital Management, Inc. requires that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold in a client's account.

## Item 17 Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients

may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

All proxies shall be voted according to the management's recommendations stated on each proxy, unless LCM determines that those votes will conflict with the best interests of its clients. Clients may call, write or email us if they wish to direct our vote in a particular solicitation. If it is determined that a management recommendation conflicts with the best interest of LCM's clients, LCM will either: vote in a manner that supports the best interests of its clients or disclose the conflict to clients and obtain their consent before voting the proxies in question. Clients can obtain information about how we voted their securities by calling, writing or emailing us. A copy of LCM's full and complete proxy voting policies and procedures is available upon request.

## **Item 18 Financial Information**

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

We do not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Leavitt Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.