

Legacy Capital Management
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This Brochure provides information about the qualifications and business practices of Legacy Capital Management. If you have any questions about the contents of this Brochure, please contact us at (916) 783-6200 or theteam@legacycapitalinc.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.

Legacy Capital Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Legacy Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2012 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

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

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested by contacting Dagmar Hotel, VP Client Service at (916) 783-6200 or dagmar@legacycapitalinc.com. Our Brochure is also available on our web site www.legacycapitalinc.com free of charge.

Additional information about Legacy Capital Management is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Legacy Capital Management who are registered, or are required to be registered, as investment adviser representatives of Legacy Capital Management.

Privacy Policy

Legacy Capital Management collects nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us or other service providers on your behalf

We do not disclose any nonpublic personal information about you to any unaffiliated third parties, except as required by law. In the limited circumstances that we provide nonpublic personal information to an affiliated third party on your behalf, we expect that

the third party will adhere to similar privacy principles that will provide for keeping such information confidential. If you decide to close your account(s) or become an inactive client, we will adhere to the privacy policies and practices as described in this notice. Legacy Capital Management restricts access to your personal and account information to those employees who need to know that information to provide products or services to you. Legacy Capital Management maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

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Item 4 – Advisory Business

Firm Description

Legacy Capital Management, Inc. (“LCM”), a California corporation since 1993, provides investment advisory services to clients, including individuals, pension and profit sharing plans, trusts, estates, charitable organizations, private investment vehicles and corporations on a discretionary and non-discretionary basis. The advisory services include providing advice regarding asset allocation and the selection of investments.

Principal Owners

The LCM team offers a diverse array of skills and life experiences. Each team member is expected to develop a relationship with each client. This assures efficient communication regarding client matters within our firm, and allows us to deliver all services to our clients seamlessly.

Joe Milam, President

Joe is responsible for the formation and development of the firm. Beginning with E.F. Hutton in 1985, Mr. Milam began working with money managers, eventually joining BIL Trainer Wortham, a division of the Bank of Liechtenstein, in 1990 as an assistant portfolio manager. In 1992, he assumed the responsibility of senior portfolio manager, and in 1993, acquired and renamed the company Legacy Capital Management, Inc. His expertise with Credit Suisse HOLT's CFROI® framework has led to profiles in various domestic and international publications, including Barron's, CFO, Microsoft's Money Central, Crain's of Chicago, and Investor Relations (sister publication to The Economist). In addition, he has spoken around the country on the implementation of the research model. Mr. Milam holds a B.S. in Finance from California State University at Chico.

Jim McCarthy, Chief Operating Officer

Jim has been working with high net worth clients since 1996. In addition to advising client's on a broad array of wealth management matters, he co-heads the firm's investment committee, is responsible for the daily execution of the portfolio management process, and is the firm's compliance officer. He began his career in the financial services industry in 1987, working in real estate syndication, tax, financial analysis and product development. He joined LCM in 1996 and became a partner and shareholder in 2003. Jim has contributed to several regional and national publications — including Barron's, Los Angeles Times, Crain's Chicago Business, Sacramento Bee, and Sacramento Business Journal — on company stock valuation,

investor psychology, and various stock market issues and he also has guest lectured on these topics for various groups. He graduated with a B.S. in Finance from the University of Colorado in 1986 and is a member of the CFA Society of Sacramento.

Types of Advisory Services

Advisory services include, providing advice regarding asset allocation and the selection of investments in equity securities; including exchange-listed securities and securities traded over the counter, warrants, corporate debt securities (other than commercial paper), municipal securities, mutual fund shares, United States government securities, and options contracts on securities transactions. LCM also provides investment advice in connection with private equity investment opportunities regarding non-publicly traded companies to qualified clients who are interested and for whom such investments are deemed suitable.

LCM also is the investment manager, to the Legacy Tactical Return Fund I, LP; a private investment limited partnership (the "Partnership"). The general partner of the Partnership is LTRS Partners, LLC, a limited liability company. As the owner of LTRS Partners, LLC, LCM has proprietary interest in the Partnership and is entitled to certain fees and the reimbursement of the expenses, if any are assessed, in accordance with the terms of the Partnership subscription agreements entered with its investors. The Partnership operates as a pooled investment vehicle intended to provide diversification, management expertise and other advantages to clients. In order to invest in the Partnership, an investor must meet certain requirements, including qualifying as a "qualified client (as defined in Rule 205-3(d)(1) of the Advisers Act) and an "accredited investor" (as defined in Regulation D under the Securities Act of 1933 ("Securities Act").

LCM's investment objective is to seek consistent above average risk-adjusted and absolute rates of returns. LCM seeks to preserve capital and mitigate risk through diversification of investments, proper position sizing and asset allocation. No assurance can be given, however, as to actual investment returns, and investment results may vary substantially over time and from period to period.

Tailored Relationships – Customized to Client Needs

Client accounts will be managed in accordance with guidelines outlined in each client's investment management agreement incorporating an objective and strategy designed and suitable for such client. Clients may impose restrictions on investing in certain securities or types of securities. This is managed through the corporate portfolio management system.

Wrap Fee Programs

Not applicable.

Client Assets

As of December 31, 2011 LCM had assets under management in the amount of \$92,855,414.74.

Item 5 – Fees and Compensation

Description

LCM charges clients investment management fees based on a percentage of the net asset value of each client's account. The management fee is based on the net asset value of the client's account, billed quarterly, in advance, and prorated for accounts established or terminated at times other than the start of a quarter.

Fee Billing

The management fee will be based on the value of the assets in each account as of the last day of the prior calendar quarter and subject to the following schedule:

First \$5,000,000 under management	1.00%
Next \$5,000,000 under management	0.75%
Amount in excess of \$10,000,000 under management	0.50%

In its sole discretion, LCM may negotiate a different investment advisory fee with the client, based on the nature of the client's account. The initial quarterly fee for a new client is pro-rated based upon the date the assets come under effective management. A client may authorize LCM to deduct its quarterly investment advisory fee directly from their custodial account. This authorization must be granted under the client's signed LCM Investment Advisory Agreement and LCM will send the client a copy of their investment advisory fee invoice at the same time it requests payment from the client's custodian. In such cases, it is the Client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

A client may terminate its investment advisory relationship with LCM at any time upon written notice to LCM. Any unearned investment management fee will be

refunded to the client on a pro-rata basis based upon the time remaining in the quarter.

Other Fees

Legacy Capital Management's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to the Legacy fee, and LCM shall not receive any portion of these commissions, fees, and costs.

LCM charges the LTR Fund I Partnership investment management fees based on the percentage of each LP's capital contribution to the Partnership as well as a performance allocation based on the annual net income of the Partnership. The quarterly management fee is equal to 0.25% (approximately 1.00% annually) of the LP's capital contribution to the Partnership, billed quarterly, in advance, and prorated for an investment in the Partnership at times other than the start of a quarter. The performance allocation is equal to 20% to 50% (the "Performance Allocation") of the net income of the Partnership attributed to each investor for the year.

The Performance Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to LCM and/or its affiliates based upon their capital accounts relative to the capital accounts of all partners. LCM, in its sole discretion, may waive or reduce the Performance Allocation with respect to any limited partner for any period of time, or agree to apply a different Performance Allocation for that limited partner. LCM may, in its discretion, reallocate a portion of its Performance Allocation to certain limited partners.

Item 6 – Performance-Based Fees and Side-By-Side Management Sharing of Capital Gains or Capital Appreciation

In some cases, LCM has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client.

LCM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions there-under, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, LCM shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for LCM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. LCM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

Description and Account Minimums

Legacy Capital Management, Inc. (“LCM”), a California corporation, provides investment advisory services to clients, including individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or business entities on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Subject to the discretion of LCM to accept less, the minimum account size is \$1,000,000.

LCM also is the investment manager, to the Legacy Tactical Return Fund I, LP; a private investment limited partnership (the “Partnership”). The general partner of the Partnership is LTRS Partners, LLC, a limited liability company. As the owner of LTRS Partners, LLC, LCM has proprietary interest in the Partnership and is entitled to certain fees and the reimbursement of the expenses, if any are assessed, in accordance with the terms of the Partnership subscription agreements entered with its investors. The Partnership operates as a pooled investment vehicle intended to provide diversification, management expertise and other advantages to clients. In order to invest in the Partnership, an investor must meet certain requirements, including qualifying as a “qualified client (as defined in Rule 205-3(d)(1) of the Advisors Act) and an “accredited investor” (as defined in Regulation D under the Securities Act of 1933 (“Securities Act”). Only persons who are “accredited

investors” (as defined in the Securities Act) and “qualified clients” (as described in the Advisors Act) may make an investment in the Partnership. Prior to investing in the Fund, prospective investors are required to complete the appropriate subscription agreement or application form. These documents require prospective investors to make certain representations and warranties regarding their understanding of the risks of the investments and their suitability to invest.

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

Methods of Analysis and Investment Strategies

The basis of LCM’s research process is a fundamental stock analysis and valuation framework called “HOLT Value Search” which is now owned by Credit Suisse. The framework is based on discounted cash flow performance, as reflected in an annual return measure called Cash Flow Return on Investment (CFROI®). The HOLT framework and database allows LCM to accurately assess management’s ability to create shareholder wealth. The database allows LCM to isolate the relevant issues affecting corporate performance and determine whether a stock’s current value accurately reflects future prospects.

Through the use of this framework LCM has developed a top down, macro strategy to complement the bottom up company specific analysis. By analyzing CFROI and discount rate data for U.S. Industrial companies, LCM has developed the Economic Spread Signal. This signal identifies periods of time to be in, out or short U.S. stocks. Legacy has developed the Tactical Return Strategy using the Economic Spread Signal. This strategy drives our tactical asset allocation decisions in client portfolios.

The objective of the Partnership is to maximize total returns for investors while attempting to mitigate portfolio risk through the implementation of the Tactical Return Strategy. LCM is authorized to use a variety of securities and financial instruments in an effort to achieve the Partnership's objective investing and trading in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including but not limited to equity, debt, convertible securities, preferred stock, options, warrants, commodities, derivatives and monetary instruments.

The Firm may also advise its client’s on various alternative asset classes (private placements, private equity funds, real estate limited partnerships and hedge funds)

for certain clients at their request. These investments are suitable for our clients whose net worth, investment experience and risk tolerance render them “qualified investors” under Regulation D of the Securities Act of 1933, as amended (subject to the firm’s policies and procedures). To the extent Firm clients hold assets falling within these alternative asset classes, they are treated as “non-managed” assets by the Firm and management fees are not assessed with respect to them.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Legal and Disciplinary

Legacy Capital Management has never had any legal or disciplinary action.

Criminal or Civil Action

Legacy Capital Management has never had any criminal or civil disciplinary action.

Administrative Proceeding

Legacy Capital Management has never had any administrative disciplinary action.

Self-Regulatory Proceeding

Legacy Capital Management has never had any self-regulatory disciplinary action.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-dealer or Registered Representative

Not Applicable

Futures Commission Merchant, Commodity Pool Operator or Trading Advisor

Not Applicable

Material Relationships or Arrangements with Financial Industry

LCM may enter into third party arrangements whereby it pays referral fees to persons or entities that refer clients to the Firm. The marketing arrangements will

be consistent with Rule 206(4)-3 of the Advisers Act. Under no circumstances will the client be disadvantaged by the payment of such fees. Clients of the Firm whose accounts involve third party marketing arrangements are advised of the arrangement and do not pay higher fees as a result of the arrangement.

LCM may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. Because such referrals, if any, are likely to benefit LCM but will provide an insignificant (if any) benefit to limited partners, LCM will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, LCM will not allocate Partnership brokerage business to a referring broker unless LCM determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

LCM may sell Partnership Interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at LCM's own expense (except in circumstances involving directed brokerage). In certain cases, LCM reserves the right to pay a one-time fee or sales charge, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced to the Partnership by such broker-dealer or agent. Any such sales charge would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Partnership.

Recommend or Select other Investment Advisors

Occasionally clients may request a recommendation for an advisor or type of investment that LCM does not offer. Legacy will, free of charge, assist the client in the review and selection of that advisor or investment. Legacy does not receive any compensation for this service neither from the client nor the recommended advisor.

Item 11 – Code of Ethics

Legacy has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading and rumor mongering, restrictions on the acceptance

of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at LCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Legacy anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which LCM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which LCM, its affiliates and/or clients, directly or indirectly, have a position of interest. Legacy's employees and persons associated with LCM are required to follow Legacy's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Legacy and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Legacy's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of LCM will not interfere with making decisions in the best interest of advisory client.

Code of Ethics

Legacy has adopted employee personal trading policies and procedures and a code of ethics to guide its employees' trading practices. Employees are required to sign a certification agreeing to abide by the Firm's trading practices. Personnel of LCM may trade in the same securities traded for client accounts (including the Partnership account). However, it is the policy of LCM not to give preference to orders for personnel associated with the firm regarding such trading. LCM and its employees (collectively "LCM") may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. If a security is purchased or sold for client accounts and LCM on the same day, either LCM will pay or receive the same price as the client account, or the client account will receive the more favorable price. LCM may also buy or sell a specific security for its own account based on personal investment considerations, which LCM does not deem appropriate to buy or sell for client accounts. Personnel of LCM may also purchase private investments that are purchased by its clients. It is the policy of LCM not to give preference to its personnel relative to the private investment.

A copy of LCM's employee trading policies and code of ethics is made available to clients and prospective clients upon request.

Invest in Same Securities Recommended to Clients

As disclosed above, LCM serves as the investment advisor to the Legacy Tactical Return Fund I, LP. The general partner for the Fund is LTRS Partners, LLC which is owned by LCM. In investment funds where LCM serves as the investment adviser, LCM may make investments in those funds available to qualified clients whose investment objectives and risk profile are consistent with those of the private investment fund. Where appropriate, LCM may advise clients as to the appropriateness of investing in private investment funds, however, LCM will not receive any referral fee or sales compensation for doing so. As described above, LCM does receive advisory and other fees from the advisory services it provides to the private investment fund. Because of the relationship between LCM and the Partnership, LCM could be considered to have recommended the investment to existing clients.

The Firm may introduce one of its individual clients to a private investment opportunity, including any in which the Firm or one of its related persons has a financial interest, the client is required to execute a Private Investment Disclosure Statement and Acknowledgement that discloses any applicable potential conflicts of interest between the Firm and the client and provides for the client's acknowledgement that he or she has reviewed such disclosures.

Item 12 – Brokerage Practices

Selecting Brokerage Firms and Directed Brokerage

Most of its clients grant LCM discretionary trading authority over some or all of their assets. In such cases, clients delegate discretionary authority that permits LCM to choose the:

- 1) Types of investments
- 2) The timing of any buys or sells
- 3) The broker-dealer to be used in the transaction
- 4) The commission rate to be paid to the broker-dealer that executes the transaction.

LCM may also recommend to prospective clients a broker-dealer to act as custodian of the client's assets.

In a limited number of cases, clients may direct LCM to place all orders for securities transactions with a specific broker-dealer (directed brokerage). By directing brokerage in this manner, clients will not take advantage of the desirability of using other broker-dealers in particular instances or for particular transactions on the basis of such alternative broker-dealers' execution capabilities or rates of compensation. Such clients also lose the possible advantage that clients not directing brokerage may derive from LCM's negotiation of commissions on their behalf and may lose the potential benefit of aggregation of orders for several clients as a single transaction. As a result, such clients may pay higher commissions and other transaction compensation, and/or might receive lower quality execution, than clients for whom LCM provides advice regarding the selection of broker-dealers.

LCM is responsible for the placement of the portfolio transactions of the Partnership and the negotiation of any commissions paid on such transactions. Securities transactions for the Partnership are executed through brokers selected by LCM in its sole discretion and without the consent of the Partnership. Portfolio securities normally are purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. LCM will not commit to provide any level of brokerage business to any broker. LCM may utilize the services of one or more introducing brokers who will execute client brokerage transactions through the prime broker and custodian who will clear such client transactions.

Research and Soft Dollars

The term "soft dollars" refers to the receipt by an investment manager of brokerage products and services and/or research provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients. LCM uses "soft dollars" generated by its clients to pay for brokerage and research related services. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. Conduct outside of the safe harbor afforded by

Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. All soft dollar arrangements made by LCM shall be consistent with Section 28(e) or shall be with respect to services the expenses of which would otherwise be required to be paid by Firm clients pursuant to their corresponding agreements. LCM is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with soft dollar services or products or to pay higher commissions to such firms if LCM determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. LCM is not required to weigh any of these factors equally.

Information so received is in addition to and not in lieu of services required to be performed by LCM, and LCM's management fee and performance allocation are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers may be utilized by LCM and its affiliates in connection with their investment services for certain specified clients and, likewise, research services provided by broker-dealers used for transactions of other clients may be utilized by LCM in performing services for a particular client. Since commission rates in the United States are negotiable, LCM's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the client being charged higher transaction costs than it could otherwise obtain.

The relationship with brokerage firms that provide soft dollar services to LCM may influence LCM's decisions in allocating brokerage business and creates a conflict of interest in using the services of those broker-dealers to execute client brokerage transactions. LCM anticipates, however, that any brokerage commissions paid by its clients to those executing brokers should be reasonable in relation to the commissions that it pays to other firms for comparable services. LCM believes that these relationships will be beneficial to LCM and its clients, but client trades executed through these firms or any other brokerage firm may or may not be at the best price otherwise available.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Order Aggregation and Best Execution Policy

LCM is committed to deal fairly and honestly with clients and recognizes our fiduciary obligation to use our “best efforts” to obtain the most favorable execution for each transaction executed on behalf of our client accounts. Therefore, the Firm has adopted standards to monitor and ensure compliance with Federal law and our fiduciary obligation with respect to executing discretionary trades on behalf of clients. LCM evaluates executing broker-dealer services on the basis of the following factors:

- **Execution capability;**
- **Transaction fees and charges;**
- **Effective communications;**
- **Distribution capabilities;**
- **Use of electronic efficiencies;**
- **Whether broker/dealer follows a particular stock, bond or mutual fund;**
- **Custodial capabilities and cost;**
- **Ability to execute and settle trades efficiently**
- **Client reporting capability;**
- **Financial stability; and**
- **General reputation**

The Firm may aggregate orders of more than one client, aggregated by common custodian, if the portfolio manager determines that aggregation is in the best interests of the clients.

When orders are aggregated, the price paid by each account shall be the average price of the order. Transaction costs are allocated to each client based upon the amount of securities purchased and the costing policies of the custodian and/or the executing broker.

If an aggregated order is not completely filled, a portfolio manager must allocate the partially filled order (and costs) on a fair and consistent basis.

LCM monitors other broker-dealer institutional platforms and custodial services in order to provide its clients with the best capabilities possible.

Trade Allocation Policy

LCM may aggregate orders of more than one client, aggregated by common custodian, if the portfolio manager determines that aggregation is in the best interests of the clients. When orders are aggregated, the price paid by each account shall be the average price of the order for those clients participating in the trade. Transaction costs are allocated to each client based upon the amount of securities purchased and the costing policies of the custodian and/or the executing broker. If an aggregated order is not completely filled, a portfolio manager will allocate the partially filled order (and costs) on a fair and consistent basis. LCM may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

LCM may aggregate purchase and sale orders of securities held by the Partnership with similar orders being made simultaneously for other accounts or entities if, in LCM's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Partnership based on an evaluation that the Partnership will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for the Partnership will be made simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at LCM's sole discretion, and the Partnership may be charged or credited, as the case may be, with the average transaction price.

Trade Error Policy

It is LCM practice that its personnel carefully implement investment management decisions. Nevertheless, if a trade error occurs, it is our policy and a legal requirement that the error be corrected as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. Firm policy prohibits

its staff from requesting a broker-dealer to accept financial responsibility for a trade error caused by our personnel in exchange for the promise of future compensation through commissions. This policy applies only to trade errors made by the Firm and its employees.

Item 13 – Review of Accounts

Periodic Reviews and Review Triggers

All accounts managed by Legacy Capital Management, Inc. ("LCM") are reviewed, at least, on a monthly basis by Mr. Joe Milam or Mr. James McCarthy, principals of LCM, to assure conformity with client objectives and guidelines. In addition, all accounts are reviewed in light of emerging trends and developments as well as market volatility.

Clients are responsible to keep LCM informed as to any personal changes in their financial condition. LCM cannot make any material changes to a client's portfolio if it is not informed of a client's particular developments. Therefore, a client that encounters any sudden material financial developments should immediately inform LCM.

Regular Reports

Reports that detail holdings and performance returns are sent to clients quarterly along with the invoice for their management fee. In addition, realized gains and losses are reported to clients annually and upon request.

Item 14 – Client Referrals and Other Compensation

Economic Benefits

Not applicable.

Third Party Solicitors

LCM may enter into third party arrangements whereby it pays referral fees to persons or entities that refer clients to the Firm. The marketing arrangements will be consistent with Rule 206(4)-3 of the Advisers Act. Under no circumstances will the client be disadvantaged by the payment of such fees. Clients of the Firm whose

accounts involve third party marketing arrangements are advised of the arrangement and do not pay higher fees as a result of the arrangement.

LCM may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. Because such referrals, if any, are likely to benefit LCM but will provide an insignificant (if any) benefit to limited partners, LCM will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, LCM will not allocate Partnership brokerage business to a referring broker unless LCM determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

LCM may sell Partnership Interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at LCM's own expense (except in circumstances involving directed brokerage). In certain cases, LCM reserves the right to pay a one-time fee or sales charge, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced to the Partnership by such broker-dealer or agent. Any such sales charge would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Partnership.

Item 15 – Custody

Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. LCM urges you to carefully review such statements and compare such official custodial records to the quarterly account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

LCM is the investment manager, to the Legacy Tactical Return Fund I, LP. As the General Partner of the LTR Fund I it is deemed that LCM has custody over the securities within the Fund. As such, the Fund is required to have its financial statements audited annually by an independent accounting firm. The Fund's annual financial audit is performed by Rothstein Kass & Co LLP located at 101 Montgomery Street, 22nd Floor, San Francisco, CA 94104, which is registered with the Public Company Accounting Oversight Board and is subject to independent audit by the Board.

Item 16 – Investment Discretion

Discretionary Authority for Trading/Limited Power of Attorney

LCM receives discretionary authority through the execution of a Limited Power of Attorney from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, LCM observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to LCM in writing.

Item 17 – Voting Client Securities

Proxy Voting

LCM accepts and exercises proxy-voting authority from clients with respect to client securities. Applicable law states that it is a fraudulent, deceptive or manipulative act for the Firm to exercise voting authority with respect to client securities, without first adopting and implementing written policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of its clients. LCM has adopted such policies and procedures and makes them available to any of its clients upon its receipt of a written request from the client.

Item 18 – Financial Information

Prepayment of Fees

Registered investment advisers are required in this Item to provide you with certain financial information if we require prepayment of management fees more than 6 months in advance. Legacy does not require prepayment of fees more than 3 months in advance.

Financial Information/Bankruptcy

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about LCM's financial condition. Legacy has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.