



FORM ADV PART 2A*
SEC-Required Brochure

January 2012

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*This brochure provides information about the qualifications and business practices of Ensemble Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at telephone 650.696.1240. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority. Additional information about Ensemble Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A

On July 31, 2010, the Securities and Exchange Commission ("SEC") adopted revised rules regarding the format and content of the Form ADV Part 2 disclosure brochure. Pursuant to these revised rules, all SEC-registered investment advisors were required to prepare a new ADV Part 2 brochure that is presented in a narrative format and that addresses certain enumerated disclosure topics. Most of these topics were addressed in the Schedule F to Ensemble Capital Management, LLC's prior ADV Part II and have been re-stated here in a more identifiable and readable presentation.

This amended Form ADV Part 2 contains prior content from the Firm's Form ADV Part II brochure statement as well as additional required information.

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1. ADVISORY BUSINESS

Registration Status –	Registered with the SEC on August 28, 1997 ¹
Principal Owners –	Curtis H. Brown, Portfolio Manager Sean Stannard-Stockton, Portfolio Manager, CCO

ADVISORY SERVICES

Ensemble Capital Management, LLC (“Ensemble”) generally manages clients’ portfolios on a continuous basis, investing in equity, fixed income and cash equivalent marketable securities. We are compensated on a fee basis, as a percentage of the assets placed under our management and not on commissions charged for securities transactions. Accounts are generally managed on a fully discretionary basis, although some may require consent before transactions are initiated. Although clients differ in terms of their risk tolerance, expected portfolio returns, income requirements, and preferred asset classes, generally Ensemble’s management style seeks capital appreciation, consistent with preservation of capital.

Where clients seek supervisory services, Ensemble conducts a detailed analysis of a client’s income requirements, tax status, risk and volatility preferences, and other objectives and preferences, Ensemble creates and manages a portfolio of securities tailored to the client’s needs. In other cases, management is based on specific instructions from the client as to the objectives for the particular assets managed by Ensemble rather than on the client’s overall needs. Ensemble does not undertake to provide clients with tax or accounting advice and clients are admonished to consult their own attorneys and accountants for determining the tax and accounting consequences of investments made by Ensemble on their behalf.

Ensemble generally requires clients to place a minimum of \$1,000,000 under management with the Firm. For charitable accounts, the minimum account value is \$250,000. Multiple client accounts may be aggregated to meet these minimums. Under certain circumstances, and in its sole discretion, the Firm may waive or alter the minimum account size requirement.

A client may make additions to and withdrawals from the client’s custodial account at any time, subject to the Firm’s right to terminate an account if the amount of assets drops below our account size minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of the client’s investment objectives.

¹ “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

Assets deposited by a client into their management account between billing cycles will not result in additional management fees being billed to the client unless such deposits equal or exceed \$100,000. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to a client's investment allocation. Therefore, a pro-rata fee based upon the number of days remaining in the current quarterly period may be assessed to the client for deposits equaling or exceeding the above amount. For assets withdrawn by a client, Ensemble does not make partial refunds of their management fees.

Additions to an account may be in cash or securities provided that our portfolio managers may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

General Notice

In performing its services, Ensemble relies upon the information received from its client or from their other professional legal and accounting advisors, and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2011

Discretionary Assets: \$235,227,895.00

Non-discretionary Assets: \$23,105,989.00

TERMINATION OF AGREEMENT

Clients may terminate their investment management agreement at any time upon written notice to the Firm. Any prepaid fees owed to the client will be refunded on a pro rata basis determined on the amount of time expired in the calendar quarter.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

2. FEES AND COMPENSATION

ADVISORY FEES

Ensemble's investment management fee is calculated on the fair market value of the assets in the client's account and in accordance with the client's elected investment strategy. Fees are based on the market value of assets under management as of the last business day of the preceding calendar quarter and are payable in advance. The following is the basic fee schedule, which is subject to change upon written notice by the Firm to its clients. Fees are negotiable in special circumstances and arrangements with any particular client may vary.

Equity Growth:

A total return objective concerned primarily with growth of portfolio value. The target asset allocation is 100% equities. However, the actual allocation will vary depending on the Firm's view of the relative attractiveness of each asset class and each client's particular needs.	1.0% on all assets
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Conservative Growth:

A total return objective concerned primarily with producing growth of portfolio value while reducing volatility through fixed income holdings. The asset allocation to fixed income will generally range from 0% to 33%. However, the actual allocation will vary depending on the Firm's view of the relative attractiveness of each asset class and each client's particular needs.	1.0% on all assets
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Balanced:

A total return objective concerned primarily with balancing growth of portfolio value and volatility. The asset allocation to fixed income may range between 33% and 66%. However, the actual allocation will vary depending on the Firm's view of the relative attractiveness of each asset class and each client's particular needs.	0.75% on all assets
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Fixed Income with Equities:

A total return objective primarily concerned with minimizing volatility while seeking additional growth potential through equity holdings. The asset allocation to fixed income will generally range from 66% to 100%. However, the actual allocation will vary depending on the Firm's view of the relative attractiveness of each asset class and each client's particular needs.	0.50% on all assets
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Fixed Income:

A total return objective primarily concerned with producing income and minimizing volatility. The target asset allocation is 100% fixed income securities. However, the actual allocation will vary depending on the Firm's view of the relative attractiveness of each asset class and each client's particular needs. **0.25% on all assets**

Holding Accounts:

As a convenience to our clients, we act as the primary point of contact on these accounts. These accounts may hold cash or hold a set of mutual funds chosen with client input. Ensemble maintains discretion over these accounts, but will generally not place trades without client input **\$300 annual admin fee**

Clients typically authorize Ensemble to invoice the custodian of the account for payment of the above fee directly from clients' accounts. Ensemble's invoice, which is sent to each client and their respective custodian within five business days, states the amount of the fee for the quarter in question, the value of Client's assets on which the fee is based, and the manner in which the fee is calculated. It is Client's responsibility to verify the accuracy of the fee, as their custodian will not determine whether the fee is properly calculated. Clients should discuss any discrepancy in fees with us within 30-days of the billing date.

The foregoing is Ensemble's *basic* fee schedule; however, fees are negotiable in special circumstances based on the nature and complexity of the client's account and arrangements with any particular client may vary from those of another client.

Clients will incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, transfer fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by our portfolio managers in the management of the client's portfolio, the market value of the client's account and corresponding fee payable by the client to Ensemble may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Firm.

GENERAL FEE DISCLOSURES

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Ensemble Capital.

Ensemble receives no sales commissions on investment products purchased or sold for client accounts.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians and other third parties such as 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

FUND DISCLOSURES

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by Ensemble Capital, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Ensemble Capital. As required by

law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

3. PERFORMANCE-BASED FEES

No part of Ensemble Capital's investment management fee is based upon capital gains or the capital appreciation of assets.

4. TYPES OF CLIENTS

Our clients include high net worth individuals and their trusts and estates, pension and profit sharing plans and charitable organizations. We have established a \$1 million minimum value of assets for opening an individual client account. As a result, Ensemble's services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisers may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Ensemble Capital's portfolio managers employ fundamental, sentiment and technical methodologies in their securities analyses. They rely both on qualitative and quantitative research techniques to choose the most promising equity investments for our clients. The Firm relies on leading industry research to inform the Firm's investment strategy and utilize a variety of financial and economic sources to study various asset classes including third party academic and brokerage research materials, the financial media, corporate rating services, and corporate annual reports, press releases, prospectuses and regulatory filings. We then gather additional information through our network of industry and company contacts. Finally, we observe disciplined risk management and sell criteria in the construction and management of client portfolios.

INVESTMENT STRATEGY

Ensemble's investment process focuses on identifying outstanding companies with strong revenue and earnings growth, sustainable competitive advantages, and superior

management. We believe that successful investing is both an art and a science, and that no amount of statistical analysis can replace the personal evaluation of management's drive, talent and character.

We buy both emerging and established growth companies, as well as more mature companies where we see a catalyst for renewed or continued growth that is as yet unrecognized by the market. We seek to purchase companies at low valuations relative to their earnings potential, their track records and their competitive standing. Once we decide to acquire shares, we use market data and sentiment analysis to help identify optimum entry points for positions that we hope to hold for one to five years or more.

Our portfolio managers utilize clearly defined sell criteria to realize profits and protect against losses. While we are long-term investors and always tax sensitive in our investment process, we believe disciplined sell criteria are a critical component of successful portfolio management. We sell a stock if it surpasses our dynamic price target, there is a significant, negative change in the company's outlook or our view of industry fundamentals deteriorates. A position may also be sold or trimmed if a stock becomes over-weighted due to price appreciation.

INITIAL PUBLIC OFFERINGS ("IPOs")

While not a substantial part of its investment style, Ensemble does from time to time invest in initial public offerings ("IPO") on behalf of client accounts for which such investments are suitable. Some client accounts do not participate in IPOs at all or do not participate in certain volatile IPOs, either due to client instructions, risk tolerance, financial condition or investment objectives. When client accounts are determined to be eligible to participate in a purchase of an IPO, and there is an insufficient amount of shares of the IPO for all accounts eligible to participate in the trade, Ensemble uses a randomization process to select participating accounts so that all eligible accounts are selected from fairly.

INVESTMENT RISKS

Our portfolio managers believe that risk management is every bit as important as stock selection. In addition to our thorough scrutiny of individual securities, we attempt to reduce risk by diversifying equity portfolios among up to 25 stocks, taking care to limit concentration in any one company or industry. We also construct portfolios in accordance with each client's tolerance for both business risk and market risk, tailoring the mix of stocks from very conservative to less-seasoned and more volatile issues.

All investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases – While Ensemble generally purchases securities with the intent to hold them for more than a year, we may on occasion determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Bond Pricing – The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

Inflation - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

Price Fluctuation - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

Reinvestment of Dividends - An investor can choose to reinvest interest, dividends and capital gains to accumulate wealth. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate than was initially earned.

Mutual Funds with Foreign Asset Holdings – Any investments in mutual funds that make foreign investments are subject to the uncertainty with changes in the foreign currency value. The client will bear more risk and may earn a substantially higher return or a substantially lower return.

Short Sale Trading – Short Sale Trading, or “shorting” involves a great amount of risk and is not advocated by Ensemble, nor is it a part of its investment strategy. In rare cases, short selling may be used as directed by client to achieve specific goals.

Margin Trading – Ensemble does not utilize leverage as a core part of its investment strategy. In rare cases, and generally only for short term financing considerations, accounts may assume a margin balance. Schwab requires a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by Schwab.

Option Trading – Certain clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

Alternative Asset Classes – Many alternative investments are illiquid, which means that the investments can be difficult to trade. Consequently, such holdings may limit a client's ability to dispose of such investments in a timely manner and at an advantageous price.

IPOs – Are generally investments in companies with limited operational histories and non-existent or weak earnings and are highly subject to market sentiment. Shares purchased through an IPO can often trade down immediately from their offer price or can be subject to wild fluctuations in performance at certain time periods after their entry to the public markets and, as such, carry increased risks of investment loss.

6. DISCIPLINARY INFORMATION

Ensemble has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Ensemble is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients custody their investment accounts at Charles Schwab & Co., Inc. ("Schwab"), we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision. Mr. Brown, Mr. Stannard-Stockton and Mr. Rich are not registered representatives of a broker-dealer.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Ensemble Capital, its employees and their family members are permitted to buy and sell securities for their personal investments. To govern such transactions, we adopted employee personal securities policies and procedures and a code of ethics that outline the timing and conditions under which employees and their family members may buy or sell securities. Employee transactions must be identified and discussed with Firm senior

management before execution. Employees are required to report quarterly all personal securities transactions in which they engage.

Employees may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. However, it is the policy of Ensemble not to give preference to employee transactions. If a security is purchased or sold for client accounts and employees on different days, it is possible that employees' personal transactions might be executed at more favorable prices than were obtained for clients.

Ensemble imposes the following restrictions upon itself and persons associated with it in connection with the purchase or sale, directly or indirectly, for its or their account, of securities recommended to clients:

1. Firm employees and their family members should not benefit from any price movement that may be caused by client transactions or the Firm's recommendations regarding client security transactions.
2. If a security is bought or sold for clients and for Ensemble or its associated persons on the same day, transactions for clients and Ensemble and/or associated persons must either (i) be aggregated with transactions for clients, in which case all participants in the transaction participate on an average price basis and share execution costs proportionately or (ii) be executed only after client orders have been filled.
3. From time to time trading by Ensemble and its associated persons (and certain of their relatives) in particular securities may be restricted in recognition of impending recommendations or decisions to invest on behalf of clients.

Employees may buy or sell different investments, based on their personal considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities which are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks, penny stocks), are purchased by employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position which is held both for their own account and for the accounts of Ensemble clients, sometimes in advance of clients. This occurs when personal considerations (i.e. liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the

security subsequently falls in price, these personal transactions could be viewed as creating a conflict of interest.

Ensemble employees may not “trade on” any knowledge he or she may have regarding the potential market impact of transactions entered on behalf of clients. Ensemble employees with access to investment decision-making and trading must have duplicate statements of their brokerage accounts sent to the Firm’s compliance officer. Certain securities transactions contemplated by employees require pre-clearance.

A copy of Ensemble Capital’s employee trading policies and code of ethics is made available to clients and prospective clients upon request.

9. BROKERAGE PRACTICES

RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER

Ensemble recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab is independently owned and operated and not affiliated with Ensemble and does not supervise or otherwise monitor Ensemble Capital’s investment management services to its clients. Schwab provides Ensemble with access to its institutional trading and custody services, which typically are not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon Ensemble committing to Schwab any specific amount of business (in the form of either 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 institution investors or would require a significantly higher minimum initial investment.

For Ensemble Capital's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Trade executions for client accounts custodied at Schwab will frequently be done at Schwab to avoid “trade away” charges imposed by Schwab and for trades executed at other broker-dealers. In some cases executions may be made at a different broker-dealer, however, all trades will be placed in accordance with Ensemble’s best execution obligation

Schwab also makes available to Ensemble other products and services that benefit Ensemble but may not benefit its clients. Some of these other products and services assist

Ensemble in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Ensemble Capital's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Ensemble Capital's accounts, including accounts not maintained at Schwab. Schwab also makes available to Ensemble other services intended to help Ensemble manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Ensemble by independent third parties. Schwab may discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to Ensemble Capital.

Ensemble Capital's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Ensemble of the availability of some of the foregoing products and services 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.

DIRECTED BROKERAGE

In a limited number of cases, clients may direct Ensemble to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, Ensemble is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed Ensemble to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by Ensemble as a result of Ensemble Capital's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, Ensemble may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs Ensemble to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

BEST EXECUTION POLICY

In selecting broker-dealers, Ensemble's primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Ensemble reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom Ensemble executes transactions on behalf of clients.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

Ensemble's consideration of the value of these factors will generally be subject to the criteria for availability of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and, subject to those criteria (particularly, Ensemble's determination that the commissions are reasonable in light of all the brokerage and other products and services provided), in some cases commissions paid to a particular broker-dealer may exceed amounts another broker-dealer might charge.

Research products and services provided to Ensemble may include research reports on particular industries and companies, economic surveys, data and analyses, recommendations as to specific securities, financial publications, and other products or services that provide lawful and appropriate assistance to Ensemble in the performance of its decision-making responsibilities. Ensemble will generally use such products and services to service all of Ensemble's accounts, sometimes including accounts other than those that pay commissions to the broker-dealer providing the products or services.

Although it does not currently do so, or contemplate doing so, in the future Ensemble could also receive and use other types of products and services both to assist Ensemble in making investment decisions for clients and for other purposes. If that were to occur, Ensemble would make a reasonable allocation of the cost so that Ensemble's clients would

bear only the cost of the services used in making investment decisions and Ensemble would bear the cost of the services used for other purposes, unless after adequate disclosure clients approve use of their commission dollars for additional uses. Clients should recognize that Ensemble's interest in making such an allocation would differ from clients' interests in that Ensemble would have an incentive to designate as great a portion of such cost as assisting Ensemble in making investment decisions as possible in order to minimize the portion that must be paid by Ensemble directly.

Ensemble will periodically consider the amount and nature of the research products and services provided by brokers as well as the extent to which such products and services are relied upon, and will attempt to allocate a portion of its brokerage business on the basis of that consideration. In addition, broker-dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocations, but may be expected to exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. In no instance will a broker-dealer be precluded from receiving business simply because it has not been identified as providing research products and services, although Ensemble may not be willing to pay the same commission to such broker as Ensemble would have paid had the broker provided research products and services.

AGGREGATION OF TRADES AND POTENTIAL CONFLICTS

Ensemble may combine transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Ensemble and/or its associated persons may participate in such aggregated orders.

While Ensemble believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Ensemble or its associated persons may not, under certain laws and regulations, be combined with those of some of Ensemble's other clients. In such cases, neither Ensemble nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to

the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

10. REVIEW OF ACCOUNTS

Ensemble monitors client holdings and portfolios as part of its ongoing wealth/investment management process. All client accounts are reviewed on a continuous basis by the Firm's portfolio managers for consistency with investment guidelines, investment restrictions, investment objectives and risk tolerance established by the client. Reviews include efforts to identify present portfolio holdings which may be overvalued and to focus on new investment opportunities. Additionally, client holdings are reviewed in response to changes in the financial markets, changes in the Firm's investment strategy and/or changes in individual client circumstances.

The Firm consults with each client upon request to review the client's account and update the client's investment goals and restrictions, if necessary. Clients are encouraged to immediately notify their portfolio manager of any material change in their personal and/or financial situation.

Clients receive written reports quarterly consisting of portfolio appraisals. The appraisals include detailed information regarding each holding (*i.e.* amount held, cost basis, current

market price and aggregate market value). Accounts which are not tax exempt also receive annual summaries of realized capital gains and losses.

11. CLIENT REFERRALS AND OTHER COMPENSATION

Ensemble does not pay referral fees to any third party firms or individuals for recommending the Firm to prospective clients, nor is the Firm or its employees paid referral fees by any third party for referring clients to their businesses. We do not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

12. CUSTODY OF CLIENT ASSETS

Ensemble does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a “qualified custodian,” namely a broker dealer, bank or trust company. Ensemble is unable to take even temporary possession of client assets for the purpose of transferring them to the client’s account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party.

Ensemble recommends that clients create their investment accounts at Schwab because it is a broker-dealer that is regulated by the Financial Industry Regulatory Authority (“FINRA”) and it participates in the Securities Investors Protection Corporation (“SIPC”) insurance fund. (See also, Item 9 Brokerage Practices, above.)

Schwab obligates itself to send account statements directly to the client (or to an independent third party representative designated by the client), no less than quarterly, showing all funds and securities held, their current value and all transactions executed in the client’s account, including the payment to Ensemble of its investment management fees.

We send a separate report on each fee paying account at least once a year, showing the current asset allocation of the account and a summary of assets held in the account. Clients are advised to regularly compare the assets and holdings listed on their Ensemble account report with those listed on the custodian’s account statements.

13. INVESTMENT DISCRETION

Clients appoint Ensemble as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts at Schwab. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Which securities to buy;
- Which securities to sell;
- The amount of securities to buy or sell; and
- Which broker to use to execute each transaction.

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will negotiate the commission rates at which transactions for client accounts will be effected, with the objective of attaining the most favorable price and market execution for each transaction.

14. VOTING CLIENT SECURITIES

Ensemble accepts and exercises proxy voting authority from clients with respect to client securities. We have adopted written proxy voting policies and procedures to ensure that any potential conflicts of interest are identified and that proxies are voted in the best interest of its clients.

We rely on a third party proxy administration firm, Broadridge Financial Solutions Inc., to electronically file and record each proxy vote decision. Glass Lewis, a leading provider of global proxy research, provides Ensemble with a custom Investment Manager Policy containing proxy voting recommendations. Client proxies are voted in accordance with this policy unless, Ensemble determines from its own internal review to deviate from the Glass Lewis recommendations.

Ensemble proxy voting policies and procedures are provided to any of its clients upon written request.