

Item 1 - Cover Page

Southeast Asset Advisors, Inc.

CRD# 107588

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March 14, 2012 Brochure

This brochure provides information about the qualifications and business practices of Southeast Asset Advisors, Inc. ("SEA"). If you have any questions about the contents of this brochure, please contact us at (229) 226-8839 or info@assetadvisor.com. 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 SEA also is available on the SEC's website at www.AdviserInfo.sec.gov.

Item 2 - Summary of Material Changes

As you may be aware, the format that registered investment advisers are required to use in order to inform clients of the nature of advisory services provided, types of clients served, fee charged, potential conflicts of interest and other information has changed.

In the past, we were only required to offer you our updated brochure on an annual basis. Under the new rules, we are required to annually provide each client with these amended disclosures, rather than merely making the offer. If there had been changes to our brochure since our last regulatory filing, we would be required to inform you of these changes. However, there have been no material changes to the Firm's brochure since its last required filing, dated March 31, 2011.

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Item 4 - Advisory Business

General Information

Southeast Asset Advisors, Inc. was formed in 1991 and provides wealth management services including portfolio management and consulting services to its clients, primarily high net worth individuals, family offices, endowments, foundations and corporate and public pension plans.

At the outset of each client relationship, SEA spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. All this is done to gain an understanding of each client's current and prospective financial position. Based on its reviews, SEA generally develops a Financial Plan with each client which incorporates:

- Current financial situation – employment, liquidity, net worth, etc.
- Investment Goals -
- Risk tolerance (ability and willingness to accept volatility)
- Time horizon
- Cash flow needs (current and future) / Liquidity needs
- Tax position
- Other issues specific to each client

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of typical Investments SEA will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents. SEA primarily works with clients on a discretionary basis, however SEA also provides non-discretionary consulting on a limited basis.

Where SEA provides general consulting services, SEA will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

Portfolio Management

As described above, at the beginning of a client relationship, SEA meets with the client, gathers information and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by SEA based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, SEA will manage the client's investment portfolio on a discretionary basis or a non-discretionary basis. As a discretionary investment adviser, SEA will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on SEA in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments (e.g., “sin stocks”) in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client’s investment portfolios. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client’s account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of SEA.

Separate Account Managers / Sub-Advisers

From time to time, when suitable and in accordance with the Investment Plan for a client, SEA may utilize separate account managers, each a “Sub-Adviser”. In cases where SEA recommends the use of one or more Sub-Advisers to manage all or a portion of a client’s portfolio, SEA will assist the client in the selection of the Sub-adviser(s) most appropriate for the client. The Sub-Adviser(s) will be granted discretionary trading authority to provide investment supervisory services for the portfolio. However, SEA retains the authority to terminate the Sub-Adviser’s relationship or to add new Sub-Advisers without specific client consent. With respect to assets managed by a Sub-Adviser, SEA’s role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Sub-Adviser(s), and to assist the client in understanding the investments of the portfolio.

General Consulting

In addition to the foregoing services, SEA may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client’s insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by SEA. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

Principal Owners

Bernard Lanigan, Charles Bradford Jackson, Mark C. Saussy, Frank Mercer, Robert Milberg and David Mark Fletcher are shareholders of SEA. Please see **Brochure Supplements**, Appendix A, for more information on the individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

Type and Value of Assets Currently Managed

As of December 31, 2011, SEA managed or advised on a total of \$1,470,636,088 in assets, of which \$579,660,290 is discretionary and \$890,975,798 is non-discretionary.

Item 5 - Fees and Compensation

General Fee Information

Fees paid to SEA are exclusive of any transaction costs, custodial fees and broker fees. Fees paid to SEA are also separate and distinct from any fees charged by outside managers /sub-advisors, no-load mutual funds, ETFs (exchange traded funds) or other investment pools (generally including a management fee and fund expenses, as described in each fund’s prospectus or offering materials).

Where possible, SEA negotiates these fees on behalf of clients. The client should review all fees charged by funds, brokers, SEA and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management for discretionary accounts is as follows:

First \$200,000	1.25%
Next \$800,000	1.00%
Next \$4,000,000	0.60%
Remainder over \$5,000,000	0.50%

The minimum portfolio value is generally set at \$2,000,000. The minimum annual fee for any account is \$15,000. SEA may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements, aggregated family relationships; or make other modifications of fee schedules where SEA deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either SEA or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to SEA from the client will be invoiced or deducted from the client's account prior to termination.

Sub-Adviser Fees

In instances where the services of a Sub-adviser are utilized, any brokerage or Sub-Adviser fees will be charged to the client in addition to SEA's fee.

Investment Consulting Fees

When SEA provides investment consulting services (non-discretionary) to clients, our fees for these services are negotiated with the client directly. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on assets under advisement or occasionally an hourly or fixed fee basis.

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

SEA does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because SEA has no performance-based fee accounts, it has no side-by-side management.

Item 7 - Types of Clients

SEA serves high net worth individuals, family offices, institutions, endowments, pension and profit-sharing plans, corporations, other pooled investment vehicles, trusts, estates and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional

investment advisory services is \$2,000,000 and the annual minimum fee charged is \$15,000. Under certain circumstances and in its sole discretion, SEA may negotiate such minimums.

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

Methods of Analysis

In accordance with the Investment Plan, SEA utilizes individual securities, Separate Account Managers (Sub-Advisers), shares of registered no-load mutual funds for client investments, as well as ETF's, and fixed income securities for client accounts. When appropriate, alternative investments (hedge funds, private equity funds) may also be used.

In selecting individual stocks for an account, SEA generally applies traditional bottom-up fundamental research. SEA's analysis includes review of the business, industry, management and financial information about an issuer. Financial strength ratios, price-to-earnings, price to cash flow (free cash flow yield), price to book, dividend yield, payout ratio, earning strength and consistency, and other factors are generally considered.

Managers, Sub-Advisers, mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, manager tenure, philosophy, process, culture, fee structure, overall ratings for risk adjusted returns, and other factors.

Investment Strategies

SEA's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. The Plan takes into account the client's risk tolerance (ability and willingness to accept volatility), time horizon, cash flow needs (current and long term) and other individual factors. When implementing the Plan, assets are allocated among various asset classes (Small cap, Large cap, Value, Growth, Domestic International, fixed income including global and high yield if appropriate) and rebalanced periodically as needed or as client situations change. As previously noted, exposure to the asset and sub-asset classes may be gained through the use of individual securities, managers / Sub-Advisers, no-load mutual funds, ETF's or index funds.

In implementing the Plan the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Short Sales – A security transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Options Trading/Writing – a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or

deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option

Risk of Loss

While SEA seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While SEA manages client investment portfolios based on SEA's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying managers / Sub-Advisers and securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that SEA allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that SEA's specific investment choices could underperform their relevant indexes.

Risks of Investments in Managers, Sub-Advisers, Mutual Funds, ETFs and Other Investment Pools. As described above, SEA may invest client portfolios with outside managers / Sub-Advisers or in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. SEA will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Risks Related to Alternative Investment Vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

Fixed Income Risks. SEA may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. SEA may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Item 9 - Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the advisor or the integrity of the advisors' management. Neither SEA nor any of its principals, have any disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

The majority of the stockholders of SEA are also partners in the accounting and consulting firm of Lanigan & Associates, P.C. (L&A), which shares office space with SEA. Tax, accounting, and consulting services provided by SEA principals on behalf of Lanigan & Associates, P.C. are separate and distinct from the advisory services of SEA, and are provided for separate and typical compensation. SEA receives no referral fees for those recommendations. No SEA client is obligated to use L&A for any tax, accounting, or consulting services.

Bernard Lanigan, Jr. spends 90% of his time and efforts on SEA functions; Mark C. Saussy spends 100% of his time on SEA functions, and C. Bradford Jackson spends 50% of his time on SEA functions. The other owners of SEA, Frank Mercer, Robert Milberg and Mark Fletcher spend most of their time on L&A activities.

SEA has an affiliate, Conifer Advisors, LLC ("Conifer Advisors"), whose primary business is managing Conifer Partners I, LLC, and Conifer Partners II, LLC privately-offered partnerships (collectively "Conifer Partners"). SEA's principals, through their ownership of Conifer Advisors and investments in Conifer Partners, may receive benefits or income from both Conifer Advisors and Conifer Partners. SEA may solicit and/or recommend that qualified clients invest in Conifer Partners from time to time. The terms and conditions for conflicts of interest, risk factors and liquidity constraints are set forth in the Conifer Partners offering documents, which each prospective investor client shall receive and shall be required to complete. The client shall be required to submit the corresponding Subscription Agreement to Conifer Advisors in order to demonstrate qualification for investment in either Conifer Partners funds.

SEA has entered into an agreement with an affiliated firm, River Capital Advisors, L.C. (hereinafter "RCA"), a Registered Investment Adviser. Pursuant to the agreement, SEA provides reporting, administrative and back office support of RCA's endeavors. In return, SEA is generally paid a fee based on RCA's Clients billings.

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

Code of Ethics and Personal Trading

SEA has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. SEA's Code has several goals. First, the Code is designed to assist SEA in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, SEA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires SEA associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for SEA's associated persons (managers, officers and employees). Under the Code's Professional Standards, SEA expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, SEA associated persons are not to take inappropriate advantage of their positions in relation to SEA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time SEA's associated persons may invest in the same securities recommended to clients. Under its Code, SEA has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

Because associated persons may invest in the same securities as those purchased in client accounts, SEA has established a policy requiring its associated persons to pre-clear transactions in these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain securities, such as CD's, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, SEA's goal is to place client interests first.

Consistent with the foregoing, SEA maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a SEA associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

SEA's Chief Compliance Officer, Brad Jackson, CPA, CFA remains available to address any questions that a client or prospective client may have regarding the compliance manual or any information disclosed in this document.

Item 12 - Brokerage Practices

Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, SEA seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, SEA may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of SEA’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

SEA may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients’ assets. SEA may also effect trades for client accounts at Schwab, or may in some instances, consistent with SEA’s duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although SEA may recommend that clients establish accounts at Schwab, it is ultimately the client’s decision to custody assets with Schwab. SEA is independently owned and operated and is not affiliated with Schwab.

Schwab provides SEA 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 SEA maintains a pre-established minimum amount of client assets in accounts at Schwab Advisor Services. Schwab’s brokerage services include the execution of securities transactions, 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.

For SEA client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to SEA other products and services that benefit SEA but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of SEA accounts, including accounts not maintained at Schwab.

Schwab’s products and services that assist SEA in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of SEA’s fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help SEA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to SEA. Schwab Advisor Services 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

SEA. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of SEA personnel. In evaluating whether to recommend that clients custody their assets at Schwab, SEA 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 it considers 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.

SEA also participates in the Fidelity Institutional Wealth Services (“FIWS”) service program. While there is no direct link between the investment advice SEA provides and participation in the FIWS program, SEA receives certain economic benefits from the program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of SEA’s fees from its clients’ accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of SEA’s accounts, including accounts not held at Fidelity. Fidelity may also make available to SEA other services intended to help SEA 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, Fidelity may make available, arrange and/or offer to pay for these types of services to be rendered to SEA by independent third parties, (however, as a matter of policy, SEA does not allow others to pay fees for services on its behalf). Fidelity may discount or waive fees it would otherwise charge for some of these services. Finally, participation in the FIWS provides SEA with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the FIWS program do not necessarily depend upon the proportion of transactions directed to Fidelity. The benefits are received by SEA, in part because of commission revenue generated for Fidelity by SEA’s clients. This means that the investment activity in client accounts is beneficial to SEA, because Fidelity does not assess a fee to SEA for these services. This creates an incentive for SEA to continue to recommend Fidelity to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, SEA believes that Fidelity provide an excellent combination of these services. SEA strives to pass all cost savings and benefits back to clients.

Directed Brokerage

Clients may direct SEA to use a particular broker for custodial or transaction services on behalf of the client’s portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that SEA has with Schwab and Fidelity is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing SEA to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with SEA that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Aggregated Trade Policy

SEA typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, SEA may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities at the same time. If such an aggregated trade is not completely filled, SEA will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by SEA or its officers, directors, or employees will be excluded first.

Item 13 - Review of Accounts

For all clients, portfolio reviews are conducted on an ongoing basis by the principals, Bernard Lanigan, SEA's Chairman and CEO, C. Bradford Jackson, SEA's President, and Mark C. Saussy, SEA's Vice President. All clients are advised that it remains their responsibility to advise SEA of any changes in their investment objectives and / or financial situation. All clients (in person, via telephone or quarterly newsletter) are encouraged to review their investment objectives, account performance and personal financial plans with SEA on an annual basis.

SEA may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Account custodians (primarily Schwab and Fidelity) are responsible for providing monthly or quarterly account statements, directly to clients, which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide directly to clients prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, SEA provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Item 14 - Client Referrals and Other Compensation

As noted above, SEA may receive some indirect economic benefits from Schwab based on the amount of client assets held at Schwab. SEA's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by SEA to Schwab or any other entity to invest any specific amount or percentage of client assets with any specific manager, sub-advisor, in any specific mutual fund, security or other investment product.

Additionally, neither Schwab, Fidelity nor any other outside party is paid to refer clients to SEA. Please see **Brokerage Practices** for more information.

Item 15 - Custody

Schwab and Fidelity are the custodians of the majority of client accounts at SEA. From time to time however, clients may select an alternate custodian or broker to hold accounts in custody. SEA offers open architecture and has the ability to work with any custodian that the client may select.

In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify SEA of any questions or concerns. Clients are also asked to promptly notify SEA if the custodian fails to provide statements on each account held.

From time to time and in accordance with SEA's agreement with clients, SEA will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades and other similar issues.

Although SEA does not offer custody services for clients directly as a "qualified custodian" (as such term is defined in the Investment Advisers Act ("the Act")), the principals of SEA occasionally provide services that may cause SEA to be deemed to have custody of client assets under the Act. In order to comply with the legal requirement of the Act, SEA's policy (as noted in the previous paragraph) is to require each client's funds (including those over which SEA may be deemed to have custody) to be maintained at a "qualified custodian" that sends at least quarterly account statements to the client or the client's designated representatives. Copies of the account statements are also sent to SEA and are available to SEA electronically. SEA has formed a reasonable belief based on the availability of these statements that the "qualified custodian" is providing account statements directly to clients at least quarterly. SEA also encourages all clients to check account balances and activity when they receive account statements and to contact SEA with any questions.

In addition, SEA is subject to a surprise audit by an independent accountant at least once annually, with respect to accounts for which the registrant is deemed to have custody.

Item 16 - Investment Discretion

As described in the **Advisory Business** section, SEA will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving SEA the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. SEA then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with SEA and the requirements of the client's custodian.

For *non-discretionary accounts*, the client also generally executes an LPOA, which allows SEA to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between SEA and the client, SEA does not implement trading recommendations or other actions in the account unless and until the client has approved

the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to SEA's agreement with the client and the requirements of the client's custodian.

Item 17 - Voting Client Securities

With respect to securities selected on behalf of the client in a managed account or recommended to a client, SEA may vote proxies where required under client agreements. SEA seeks to vote proxies in the best interest of the client(s) holding the applicable securities. In voting proxies, SEA considers factors that SEA believes relate to the client's investment(s) and factors, if any, that are set forth in written instructions from the client.

In general, SEA believes that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, SEA generally votes **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;
- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;
- Proposals that SEA believes may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and
- Proposals that maintain or increase the rights of shareholders.

SEA will generally vote **against** any proposals that SEA believes will have a negative impact on shareholder value or rights. If SEA perceives a conflict of interest, SEA's policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

A copy of our complete policy, as well as records of proxies voted; are available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

Item 18 - Financial Information

SEA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its authority over certain client accounts, and has not been the subject of a bankruptcy petition. Additionally, SEA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

ANY QUESTIONS: SEA's Chief Compliance Officer, Brad Jackson, CPA, CFA remains available to address any questions that a client or prospective client may have regarding any information disclosed in this document.