

Hall Capital Management Company, Inc.

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March 30, 2012

This Brochure provides information about the qualifications and business practices of Hall Capital Management Company, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (401) 245-0049. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. 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 the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

The Adviser filed its prior annual Form ADV Part 2A on March 30, 2011. This is an updating amendment. While there are no material changes to report about the Adviser regarding its personnel, operations, and investment processes, this amendment further clarifies Adviser's business operations in items 4, 5, and 12.

Currently, our Brochure may be requested by contacting Carol McCarthy, Vice President, in writing, c/o Hall Capital Management Co., Inc., 26 Bosworth Street, Suite 4, Barrington, Rhode Island, 02806.

Additional information about the Adviser 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 the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Advisory Business

Hall Capital Management Company, Inc. (the “Adviser”), a Massachusetts corporation, commenced business on April 17, 1997. Robert F. Hall is the principal owner, President and Chief Compliance Officer of the Adviser. The Adviser provides discretionary investment management services, as agreed between the Adviser and its clients, including the following advisory services:

Buys, sells, converts, exchanges, trades in and deals with any security, through registered broker-dealers, for the account of its investment advisory clients, at such prices and in such manner as the Adviser deems advisable.

Instructs the advisory client’s custodian or trustee to deliver securities sold, exchanged or otherwise disposed of from the account of the investment advisory client against payment and to pay cash for securities delivered to the custodian or trustee upon acquisition for such account.

In addition, the Adviser provides the following consultation services:

Conducts a review of the client’s portfolio in the context of the client’s stated investment goals and the Adviser’s general observations and makes recommendations with respect to the investment strategy and approach to best attain those stated investment goals.

Investment advisory clients seeking consultation services are provided this service without additional charge.

The Adviser has clients with investment goals that are often unique to them. At the outset of the client relationship, the Adviser discusses the client’s particular objectives as well as determines the client’s tolerance for risk and time horizon. This dialogue results in an approach that the Adviser believes effectively accomplishes those objectives and is suitable given the client’s individual profile. Asset allocation ranges are established during this discussion, as well as any restrictions a client may wish to impose on certain securities or types of securities.

As of December 31, 2011, the Adviser managed approximately \$158, 688, 654.00 of client assets on a discretionary basis.

Fees and Compensation

The Adviser’s compensation is determined by the agreement established by the Adviser and each client. Generally, the Adviser charges fees on the following terms:

Basic Fee Schedule:

1.3% of the first \$1 million of assets under management; 0.85 of 1% of assets under management thereafter

Mutual Fund Accounts. Accounts exclusively invested in mutual funds are charged an annual fee of 0.85 of 1% of assets under management. The Adviser's compensation is separate from and in addition to management fees and other costs associated with any investments in mutual funds held in a client's account.

In certain situations, the basic fee schedule may be negotiated. For example, the exclusive use of fixed income investments or the use of securities with accompanying exceptionally low tax costs may necessitate a negotiated fee. On occasion, there may be a negotiated fee for accounts of family members.

Advisory fees are payable semi-annually in advance, based on the market value of assets under supervisory management on the last business day of the previous six-month calendar period. Advisory fees will be billed generally within 15 days after the end of that six-month period.

For new clients and accounts, assets are valued as of the last business day of the month in which services began and advisory fees are assessed on a pro rata basis until the next semi-annual billing.

Upon termination, any advisory fees paid in advance for services not performed will be refunded to the client on a pro rata basis.

Brokerage & Custodial Arrangements:

In addition to entering into an advisory agreement with the Adviser, a client will be required to enter into one or more separate written agreements for brokerage and custodial services with a registered broker-dealer or other custodian either recommended by the Adviser or directed by the client. In addition to the Adviser's investment advisory fee, clients will incur brokerage commissions and/or transaction fees from broker-dealers for effecting certain securities transactions and may incur certain charges imposed by 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, none of which are payable to the Adviser. Costs associated with any investments in mutual funds (including management fees and other expenses) held in a client's account are in addition to the Adviser's investment advisory fee, and such charges are disclosed in the fund's prospectus. The Adviser's investment advisory fee will not be reduced by the amount of such costs.

Item 12 of this Brochure further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Automatic Fee Deduction:

Unless otherwise agreed to by the Adviser and a client, advisory fees will be deducted directly from the client's account. In such case,

- the Adviser will provide the client with a statement that includes a calculation of all fees to be charged by the Adviser;
- the Adviser will provide the custodian with instructions of the amount of the investment advisory fee to be deducted from the account; and
- the client will receive a statement from the custodian at least quarterly of all amounts disbursed from the account, including the amount of any investment advisory fees paid to the Adviser.

The custodian will not determine if the advisory fee is properly calculated. Therefore, it is the client's responsibility to verify the accuracy of the advisory fee.

Termination of Investment Advisory Agreement:

Advisory agreements may be terminated either by the Adviser or the client generally upon 30 days' written notice to the other party. Upon termination, advisory fees paid in advance, if any, for services not performed will be refunded to the advisory client on a *pro rata* basis. Any advisory fees due to the Adviser and not yet paid will be required to be paid to the Adviser.

Performance-Based Fees and Side-By-Side Management

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Types of Clients

The Adviser provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, corporations, revocable living trusts, trustees of irrevocable trusts and tax-deferred accounts.

The Adviser does not have any requirements for opening or maintaining an account.

Methods of Analysis, Investment Strategies and Risk of Loss

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

The core philosophy that guides the Adviser's specific investment philosophy is to provide its clients with consistent growth through proper asset diversification.

- The Adviser takes time to understand each client's needs in order to allocate portfolio asset opportunities among cash equivalents, stocks, and bonds.
- Through "asset mix," a portfolio can be tilted toward current income or further capital growth with appropriate risk levels – tailored to the client's needs.
- Based on these needs, the Adviser will work with the client and develop a portfolio approach that contains a prudent combination of assets.
- In determining the specific securities to include in its portfolios, the Adviser begins by studying the current economic situation and outlook for the next one to three years. Next, the Adviser studies the posture of the market itself, as the two are related.
- Prior to stock purchases, the Adviser pays as much attention to industry groups in the context of the Adviser's outlook for the economy and market trends – as is spent on individual companies. Prior to the Adviser's bond purchases, the Adviser pays close attention to the direction of interest rates, the merits of their quality, maturity and marketability.

BONDS

- The Adviser's fixed income investments emphasize consistent income and principal stability. That approach stresses minimum volatility and low risk.
- The Adviser's credit standards are strict, leading the Adviser to high quality, investment-grade bonds.
- Fixed income research is closely tied to equity research. A complete understanding of the issuing company is the surest way to identify investment-grade bonds. Once a profile of a company has been established, a thorough credit analysis is conducted to determine if the company's debt issues meet our standards.
- The Adviser actively manages the bonds against anticipated changes in the yield curve and in keeping with the relative attractiveness of the bond section.

CASH EQUIVALENTS

- Cash equivalents are intended to be as good as cash.
- Typically these securities have a maturity of less than three months.
- The selection of investments, or investments of liquidity and safety, depends upon the relative yields of commercial paper, U.S. Treasury Bills, Certificates of Deposit, and various money market funds.

COMMON STOCKS

- Through common stocks, the Adviser strives for capital appreciation and secure dividend income, investing primarily in established companies. The Adviser seeks to purchase securities of issuers the Adviser views as well-managed with strong balance sheets.
- The Adviser generally favors companies that are recognized by the Adviser as strong global leaders, which typically leads the Adviser to invest in companies that are industry leaders or are gaining market share within their respective industries.
- The Adviser conducts rigorous fundamental company research with the goal of providing solid, steady, investment results for the Adviser's clients. However, there is no guarantee that the Adviser will succeed in its goal, or that client returns will be positive.

Investment Risks in General. All investments in securities risk the loss of capital. No guarantee or representation is made that the Adviser's investment strategies will be successful, and investment results may vary substantially over time.

Risks Associated with Investments in Securities Generally. Any investment in securities carries certain market risks. In addition to the factors discussed elsewhere in this Brochure, investments selected by the Adviser may decline in value for any number of reasons over which the Adviser may have no control, including changes in the overall market for equity and/or debt securities, and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, general economic conditions, political conditions, and other similar conditions. The value of the investments selected by the Adviser will fluctuate, and there is no assurance that the Adviser's investment strategy will achieve positive returns. The profit (or loss) derived from the Adviser's investment transactions consists of the price differential between the price of the securities purchased and the value ultimately realized from their disposition, plus any dividends or interest received during the period that the securities are held, less transaction costs. If the securities held long (held short) do not increase (decrease) in value as anticipated, the Adviser may sell them without a gain or at a loss. It is possible that the Adviser's long positions will decline in value at the same time that

the value of the securities sold short increases, thereby increasing the potential for loss. It is also possible that the Adviser will misjudge the effect a particular security will have on exposure to market risk or that the particular combination of securities held long and those sold short will fail to insulate client assets from general equity market risk as anticipated. Also, to the extent that the Adviser determines not to evenly balance a client's portfolio between long and short positions, the portfolio will be subject to increased market risks.

Investment in Equity Securities. Equity securities, such as common stock, generally represent an ownership interest in a company. While equity securities have historically generated higher average returns than fixed income securities, equity securities have also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security. Also, the price of equity securities, particularly common stocks, is sensitive to general movements in the stock market. A drop in the stock market may depress the price of equity securities.

Investment in Debt Securities. The Adviser may select a broad variety of debt securities, including debt securities issued by U.S. companies rated within one of the four highest grades assigned by Standard & Poor's Corporation ("S&P") (i.e., AAA, AA, A and BBB) or Moody's Investors Service, Inc. ("Moody's") (i.e., Aaa, Aa, A or Baa) or, if unrated, judged by the Adviser to be of comparable quality, and debt securities issued or guaranteed by the U.S. Government, its agencies and instrumentalities ("U.S. Government Securities").

U.S. Government Securities include direct obligations of the U.S. Treasury (such as Treasury bills, Treasury notes and Treasury bonds) or securities issued or guaranteed by U.S. Government agencies or instrumentalities. These obligations, including those which are guaranteed by federal agencies or instrumentalities, may or may not be backed by the "full faith and credit" of the United States. Agencies and instrumentalities which issue or guarantee securities include: the Federal Farm Credit System and the Federal Home Loan Banks, the Tennessee Valley Authority, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the United States Postal Service, the Government National Mortgage Association, Farmers Home Administration, and the Export-Import Bank. With respect to U.S. Government Securities supported only by the credit of the issuing agency or an additional line of credit with the U.S. Treasury, such as Federal Home Loan Mortgage Corporation and Federal National Mortgage Association securities, there is no guarantee that the U.S. government will provide support to such agencies and such securities may involve greater risk of loss of principal and interest than securities issued or guaranteed by the U.S. Government.

Stock Selection Risk. The Adviser selects securities for client portfolios based on its fundamental analysis of the underlying issuers of the securities. The performance of a client's portfolio depends to a great extent on the Adviser's ability to perform its analysis to identify favorable investment opportunities and to effectively allocate assets, through the application of certain methodologies chosen by the Adviser, among such opportunities. The Adviser's ability

to monitor and adjust asset allocations could be adversely affected by various factors, including the loss of key personnel or the allocation of its resources to other client accounts.

Risks Associated with Fixed-Income Investments. Fixed-income securities, including investment grade securities, are subject to certain common risks, including:

- If interest rates go up, the value of fixed-income securities generally will decline;
- The issuer or guarantor of a fixed-income security may default on its payment obligations, become insolvent or have its credit rating downgraded. Credit risk could be magnified, as an investor's ability to benefit fully from its investments depends on the performance by multiple parties of their respective contractual or other obligations. The likelihood that a party will meet its obligations is affected by the circumstances of such party, the market's perception of those circumstances and general market conditions;
- The value of a fixed-income security may decline as a result of the issuer's falling credit rating;
- During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the holder of that security to reinvest in lower yielding securities. This is known as call or prepayment risk. Fixed-income securities frequently have call or prepayment features that allow the issuer to redeem the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer;
- During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (the estimated period until the security is paid in full) and reduce the value of the security. This is known as extension risk; and
- The Adviser's judgment about the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy may prove to be incorrect.

Mortgage and Asset-Backed Securities and Structured Securities. To the extent an investment is made in asset-backed and mortgage-related securities ("ABS" and "MBS", respectively), its exposure to prepayment and extension risks may be greater than if it was invested in other fixed-income securities. Certain fixed-income securities may only pay principal at maturity. The value of these types of securities may change more drastically than fixed-income securities that pay both principal and interest during periods of changing interest rates. The Adviser may choose to invest client assets in certain mortgage derivatives and structured securities. Because these securities have imbedded leverage features, small changes in

interest or prepayment rates may cause large and sudden price movements. Mortgage derivatives can also become illiquid and hard to value in declining markets.

Risk Considerations of Lowest Investment Grade Rating Categories. Obligations in the lowest investment grade categories (equivalent to S&P BBB rating category or a Moody's Baa rating category), may have speculative characteristics, and changes in economic conditions and other factors are more likely to lead to weakened capacity to make interest payments and repay principal on these obligations than is the case for higher rated securities.

Ratings Risk. The use of credit ratings in evaluating securities can involve certain risks, including the risk that the opinion of the rating agency may not reflect the issuer's current financial condition or events since the security was last rated, or that the rating was influenced by conflicts of interest. Additionally, proposed legislation and regulations to reform rating agencies may impact the Adviser's selection of investments or investment process. Unrated securities determined by the Adviser to be of comparable quality to rated securities which the investor may purchase may still pay a higher interest rate than rated bonds and be subject to a greater extent to risk of loss by default or price changes, and will depend to a greater extent on the Adviser's analysis of credit risk.

Asset-Backed Securities. The principal and interest payments on ABS are collateralized by pools of assets such as auto loans, credit card receivables, leases, installment contracts and personal property. Such asset pools are securitized through the use of special purpose entities. Payments or distributions of principal and interest on ABS may be guaranteed up to certain amounts and for a certain time period by a letter of credit or a pool insurance policy issued by a financial institution; however, privately issued obligations collateralized by a portfolio of privately issued ABS do not involve any government-related guaranty or insurance. Like MBS, ABS may be subject to more rapid prepayment of principal than indicated by their stated maturity, which may greatly increase price and yield volatility. ABS may not have the benefit of a security interest in collateral that is comparable to mortgage assets and there is the possibility that recoveries on repossessed collateral may not be available to support payments on these securities. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS may be of a shorter maturity than mortgage loans and less likely to experience substantial prepayments. As with MBS, ABS are often backed by pools of any variety of assets, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Money Market Instruments. As a general matter, and consistent with most other debt securities, the value of money market instruments declines when market interest rates increase and rises when market interest rates decrease. Certain debt obligations are subject to fluctuations in yield or value due to their structure or contract terms. There can be no assurance that the U.S. Government would provide financial support to its agencies or instrumentalities where it is not obligated to do so.

Preferred Shares. Because preferred shares are equity securities, they may be more susceptible to risks traditionally associated with equity investments than fixed-income securities.

Limitations of Risk Disclosures. The above discussions of the various risks associated with the Adviser's investment strategy are not, and are not intended to be, a complete enumeration or explanation of the risks involved in an investment managed by the Adviser or the Adviser's investment strategy. In addition, as the Adviser's investment strategy changes or develops over time, a client's portfolio may be subject to risk factors not described in this Brochure.

For risks associated with specific mutual funds and the securities in which they invest, please see the prospectuses delivered to you in connection with the mutual funds in which your assets are invested by the Adviser.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of the adviser's management. The adviser has no information required to be disclosed in response to this Item.

Other Financial Industry Activities and Affiliations

The Adviser does not conduct any other financial industry activities nor have any affiliations.

Code of Ethics

Participation or Interest in Client Transactions. The Adviser does not trade for its own account or engage in principal transactions. However, officers, directors and employees of the Adviser (“Access Persons”) are permitted to buy or sell securities that the Adviser recommends to clients.

Code of Ethics. The Adviser has adopted a Code of Ethics and Insider Trading Procedures (the “Code”). The Code provides that each employee should place the interests of the Adviser’s clients ahead of their own. Each employee is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any actual or potential conflict of interest. No employee may misuse information about client accounts, abuse his or her position of trust and responsibility or take inappropriate advantage of his or her position. The Adviser has a policy concerning trading by personnel of the Adviser which the Adviser believes is reasonably designed to minimize potential conflicts of interest between the Adviser and its clients. In furtherance of minimizing such potential conflicts of interest, the Adviser prohibits its officers, directors and employees from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding such securities or communicating material non-public information to others.

Transaction Reporting. To comply with the rules of the SEC, all Access Persons of the Adviser must complete quarterly reports of personal security transactions in Covered Securities for their own accounts or any account in which they have a direct or indirect beneficial interest. “Covered Security” includes all securities except direct obligations of the United States government, money market funds and shares of open-end investment companies registered under the Investment Company Act of 1940 (other than investment companies, if any, for which the Adviser acts as a subadviser or adviser). Report forms must be submitted within ten days of the end of the quarter. In addition, each Access Person must submit a Holdings Report of Covered Securities as of December 31 of each year. Finally, the Adviser requires Access Persons to certify annually that they have complied with the Adviser’s Code.

Initial and/or Limited or Private Offerings. Access Persons of the Adviser may not, directly or indirectly, purchase any security sold in an initial public offering, unless the Adviser exempts the purchase because of special conditions associated with the purchase. Access Persons of the Adviser may not, directly or indirectly, purchase any security issued pursuant to a limited or private offering without obtaining prior written approval in accordance with the Code. Access Persons of the Adviser who have received authorization to purchase securities in a limited or private offering must disclose their beneficial ownership of these securities when they are involved in considering the purchase of securities of the issuer of the privately placed securities on behalf of a client. A decision to purchase securities of the issuer must be independently reviewed by an investment person at the Adviser with no personal interest in that issuer.

Disclosure of Personal Interest. Each employee of the Adviser, including the Adviser's investment principal, Robert F. Hall, submits to the Adviser quarterly, and an officer of the Adviser reviews, a report listing all personal security transactions that have been effected during the prior three month period.

Short Term Trading. No Access Person of the Adviser may purchase and sell, or sell and purchase, the same (or equivalent) Covered Securities within a 60 calendar day period. The Adviser may, upon request, exempt, in accordance with the Code, an Access Person from this prohibition if it is determined that extenuating circumstances warrant the exemption.

Late Trading, Excessive Trading Activity and/or Market Timing. Access Persons are prohibited from engaging in late trading with respect to any mutual fund and, are discouraged from engaging in excessive and short-term trading practices, such as market timing, with respect to transactions in any mutual fund. Late trading occurs when an Access Person places an order after a mutual fund's trading deadline (i.e., after the time of day as of which the fund calculates its net asset value (NAV) per share) and the order receives that current day's NAV price. The improper purpose of late trading is to attempt to take advantage of potential, late-breaking market news and price movements. Late trading is a violation of the federal securities laws because it allows an investor who has learned, after the close of the market, information that might impact a fund's share price on the following day to place an order for fund shares at the current day's NAV. Any purchase or redemption orders placed by an Access Person after a fund's trading deadline must be entered for execution on the following business day. No exceptions may be granted. Notwithstanding the foregoing, there may be legitimate reasons to modify, amend or cancel trades due to operational error by the transfer agent or the broker-dealer in completed trades received in a timely manner provided that the fund does not incur a loss as a result of the "as of" transaction.

Although there is no generally applied standard in the market place as to what level of trading activity is excessive, the Adviser considers trading in mutual fund shares, common stock and preferred stock shares, and bonds to be excessive if an Access Person:

- sells security shares within a short period of time after the security shares were purchased;
- makes two or more security purchases and redemptions within a short period of time; or
- enters into a series of security transactions that is indicative of a timing pattern or strategy.

In order to seek to detect market timing, the Adviser will monitor selected trades.

Outside Employment. External directorships and trusteeships of advisory personnel (of both for-profit and not-for-profit organizations) require pre-approval by the Adviser and are subject to conflict of interest procedures established on a case-by-case basis.

A copy of the Adviser's Code of Ethics is available to any prospective or existing client upon request to Carol McCarthy, Vice President, Hall Capital Management Company, Inc., 26 Bosworth Street, Suite 4, Barrington, RI 02806.

Brokerage Practices

Investment or Brokerage Discretion.

Brokerage Transactions. Generally, in the absence of specific instructions to the contrary, the Adviser has complete discretion with respect to client accounts without any limitations on its authority. This discretion includes the authority, without prior notice to the client, to buy and sell securities for client accounts and establish and effect securities transactions through accounts with broker-dealers selected by the Adviser. In the absence of a direction by a client, in placing orders for and selecting brokers and dealers to execute a client's securities transactions, the Adviser seeks prompt execution of orders at the most favorable prices reasonably obtainable. Clients may direct the Adviser to use one or more particular broker-dealers in managing their accounts (see "Directed Brokerage" below).

Recommended Brokerage. Client assets, as provided for by the individual client custodial agreements, are generally custodied with T.D. Ameritrade, formerly T.D. Waterhouse ("Ameritrade"). In addition, the Adviser generally recommends that a client agree to permit the Adviser to place his or his portfolio transactions primarily through Ameritrade. In exchange for using the services of Ameritrade, the Adviser may receive, without cost, computer software and related systems support, which allows the Adviser to better monitor the client accounts maintained with them. In addition, the Adviser may receive the following benefits: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional brokerage group participants; access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and /or access to an electronic communication network for client order entry and account information.

If a client agrees to this arrangement, that client is required to enter into a Prime Brokerage Services Agreement with Ameritrade, when applicable. That agreement permits the Adviser to place block trades away from Ameritrade in certain circumstances, such as for ETFs, common stock, fixed income and preferred stock trades. The Ameritrade agreement imposes a fee for each transaction that is executed on a prime brokerage or trade away basis. In the case of securities with liquid trading markets, such as NYSE listed or NASDAQ quoted securities, the Adviser will generally conclude, based on its knowledge of these markets and its prior experiences with other brokers but without seeking competitive quotes, that the potential

execution or commission cost benefits of using a broker other than Ameritrade for such trades are not justified as a result of the additional trading away or prime brokerage fee incurred.

We provide our clients with disclosure regarding this brokerage arrangement to make them aware that, because of this arrangement, there is the potential that the client could pay higher net execution costs than he or she would have paid if another broker provided custody and execution services for the account. The Adviser shall, however, review from time to time the arrangement with Ameritrade against other possible arrangements in the marketplace to ensure that it is achieving best execution.

The Adviser maintains a list of brokers and counterparties that have been approved for trading client assets based on the criteria described below for use when the Adviser decides to trade away from Ameritrade. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- A broker's trading expertise, including the broker's ability to complete trades; execute and settle difficult trades; obtain liquidity to minimize market impact and accommodate unusual market conditions; maintain anonymity; and account for its trade errors and correct them in a satisfactory manner.
- A broker's infrastructure, including order-entry systems; adequate lines of communication; timely order execution reports; an efficient and accurate clearance and settlement process; and capacity to accommodate unusual trading volume.
- A broker's ability to minimize total trading costs while maintaining its financial health, such as whether a broker can maintain and commit adequate capital when necessary to complete trades; respond during volatile market periods; and minimize the number of incomplete trades.
- A broker's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities; analyses and reports concerning such matters as companies, industries, economic trends and political factors; or services incidental to executing securities trades, including clearance, settlement and custody.
- A broker's ability to provide services to accommodate special transaction needs, such as the broker's ability to execute and account for client-directed arrangements and soft dollar arrangements; participate in underwriting syndicates; and obtain initial public offering shares.

Directed Brokerage. Generally, the Adviser is retained on a discretionary basis and is authorized to determine which securities to buy or sell (including the amount thereof) and to direct execution of portfolio transactions within the client's specified investment objective without consultation with its clients on a transaction-by-transaction basis. The Adviser prefers to select or recommend the broker-dealers that will execute portfolio transactions and generally our clients leave that selection or recommendation to the Adviser. Occasionally, a client may direct the use of a particular broker-dealer other than Ameritrade to execute portfolio transactions. In directing brokerage business to brokers, those clients should consider if the commission expenses, execution, clearance, and settlement capabilities, and (if applicable) any amount of the commissions that may be attributable to custodian fees, are comparable to those that the Adviser could otherwise attain for its clients.

Directing brokerage to a particular broker-dealer other than Ameritrade may involve the following disadvantages to directed brokerage clients:

- The Adviser's ability to negotiate commission rates and other terms on behalf of such clients could be impaired.
- Such clients could be denied the benefit of the Adviser's experience in selecting broker-dealers who are able to execute efficiently difficult trades.
- Opportunities to obtain lower transaction costs and better prices by aggregating ("blocking") their orders with orders for other clients could be limited.
- Such clients could receive less favorable prices on securities transactions because the Adviser will place transaction orders for directed brokerage clients after placing blocked transaction orders for other clients.

Balancing the Interests of Multiple Client Accounts. The Adviser may manage multiple accounts with similar investment objectives and strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite these similarities, the Adviser's portfolio decisions about each client's investments and the performance resulting from these decisions may differ from those of other clients.

Allocating Investment Opportunities. The Adviser will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. However, there may be circumstances when client accounts with similar objectives trade in the same securities at the same time.

The Adviser generally only purchases or sells the types of securities where adequate inventory exists. In the event it were to purchase or sell securities where it may be necessary to allocate trading opportunities, the Adviser will allocate investment and trading opportunities (including the sequence of placing orders if not "blocked") in a manner believed by the Adviser to be fair

and equitable to each client over time. In making these allocations, the Adviser will take into account the following factors:

- The clients' investment objectives and strategies
- The composition, size and characteristics of the account
- The cash flows and amount of investment funds available to each client
- The amount already committed by each client to a specific investment
- Each client's risk tolerance and the relative risk of the investment
- The marketability of the security being considered

The Adviser may deviate from its established allocating methods when appropriate, taking into account the following factors:

- To avoid creating odd lot positions in any account
- To allocate a smaller portion to those accounts for which the purchased security would be a peripheral investment and a larger portion to those accounts for which the security would be a core investment
- To the extent that the purchased security is especially appropriate for accounts with certain investment goals or risk tolerances
- To satisfy demand with respect to an account's cash position relative to its portfolio (i.e., to allocate a small portion to accounts with less cash or liquidity and a greater portion to accounts with more cash or highly liquid investments)
- When a proportionate allocation would, given the size of a client account, result in a position that is too small to be meaningful or too large to maintain an appropriate level of diversification

If it is not possible, in a single transaction or at a single price, to effect trades in a particular security that is appropriate for multiple accounts, the Adviser may, if feasible, compute and give to each participating client account the average price for that day's transactions in the securities.

Blocking Orders. When the same investment decision is made for more than one client on the same day, the Adviser may place orders to buy or sell the same security for a number of clients. Whenever possible, orders to purchase or sell the same security for multiple accounts are aggregated. All accounts that participate in an aggregated transaction generally participate consistent with amounts predetermined by the Adviser using the allocation method described

above. The Adviser does not aggregate investment transactions for accounts unless the transaction is consistent with the terms of the applicable advisory agreement and each account's investment objectives, restrictions and policies.

The Adviser may block a client's trades with trades of accounts of persons affiliated with the Adviser. A client trade shall be aggregated with an employee trade or trade by an affiliated account only if each of the following conditions are met:

- The client trades are treated equally with affiliated account trades.
- Each affiliated and non-affiliated participant in the trade receives average execution and average commissions.
- The securities purchased or sold are allocated pro rata.

Cross-Trades. The Adviser will not engage in principal trading or cross-trading.

Use of Soft Dollars. The Adviser does not presently have any soft dollar arrangements. However, to the extent it does in the future, it will enter into such arrangements only in accordance with Section 28(e) of the Securities Exchange Act of 1934 and the following policy.

Where more than one broker-dealer is believed to be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, the Adviser may select a broker-dealer which furnishes products and/or research services that provide assistance to the Adviser in the performance of its investment decision-making responsibilities. If the Adviser determines in good faith that the commission charged by a broker-dealer is reasonable in relation to the value of brokerage and research services provided by the broker-dealer, the Adviser may cause a client account to pay the broker-dealer an amount of commission greater than the amount another broker-dealer may charge, but generally within a competitive range for full service brokers.

Research products or services that are eligible under a soft dollar arrangement may include: traditional research reports; market and economic data provided through financial and economic publications; advice from broker-dealers on order execution, strategies, and market participants; research-related seminars and conferences; software that provides analyses of securities portfolios or information on order execution, strategies, and market participants; and corporate governance and rating services.

Brokerage products or services that are eligible under a soft dollar arrangement may include post-trade matching of trade information; electronic communication of allocation instructions; routing settlement instructions to custodians and clearing agents; short-term custody; connectivity services such as dedicated lines to broker-dealers or order management systems;

trading software used to route orders to market centers; software that provides program trading strategies, and software used to transmit orders to direct market access systems.

The Adviser may also enter into arrangements with brokers regarding the allocation, of minimum annual amounts of brokered transactions to such brokers. In exchange, the Adviser would receive from such brokers research products and/or services and research-related software. A transaction would be placed with such brokers only if consistent with the best execution policies described above (which would take into account the provision of research and related services) and the Adviser would terminate any such arrangement or compensate the broker in cash for such research or software to the extent it cannot fulfill the arrangement consistent with such policies.

Some “mixed-use” products or services could be used by the Adviser for both research/execution and non-research purposes, such as administration or marketing. If these products or services are obtained with soft dollars, the Adviser would allocate their cost between research and non-research uses. The Adviser would use its own hard dollars to pay that part of the cost which is attributable to non-research uses.

Brokerage and research services received could benefit client accounts other than the account generating the soft dollar credits. The Adviser’s receipt of research services will not reduce a client’s investment advisory fees.

Review of Accounts

The Adviser generally manages clients’ portfolios by buying and selling specific securities. Based primarily on the Adviser’s fundamental analysis, the Adviser maintains a “Monitor List” and “Model Portfolio” for common stocks as well as for mutual funds. The Model Stock Portfolio consists of approximately 20-30 common stocks recommended by the Adviser with industry classifications and weightings established by the Adviser. The Model Fund Portfolio consists of 30-40 mutual funds recommended by the Adviser. The Adviser maintains a “Stock Monitor List” comprised of approximately 200-250 common stocks and a “Fund Monitor List” comprised of approximately 115-140 mutual funds that it follows. As a result, the Adviser sometimes buys or sells a specific security holding for all of its clients. Exceptions may occur for a particular client for whom an investment change may result in adverse tax consequences or if a particular recommendation to buy or sell a specific common stock would not further a client’s stated investment goals.

The Adviser generally manages clients’ fixed-income investments by buying and selling specific securities. Any bond changes, swaps or reinvested maturities are implemented based upon the fixed income criteria and disciplines developed by the Adviser.

The Adviser can access information (such as a summary of investments held at cost and current market value) regarding clients’ portfolios with a direct request to the client’s custodian.

Investment changes are made when the Adviser believes it is appropriate in view of the client's stated investment goals. An investment change is usually the result of an examination by the Adviser of the relative fundamental attractiveness of common stocks, bonds, mutual funds, and cash equivalents, a change in the Adviser's view resulting from an increase or decrease in industry weightings, or an actual or anticipated change in the fundamentals of the underlying security.

The Adviser maintains an Investment Policy Statement for each client which includes asset allocation guidelines developed with the client at the outset. If a client's investment goals change over time, the Adviser works with the client to modify his or her portfolio's asset allocation. Any changes are reflected on the Investment Policy Statement.

As discussed in Item 15 of this Brochure, clients receive monthly or quarterly reports from his or her custodian. The Adviser receives them simultaneously. Personal meetings and/or teleconferences are scheduled depending upon the Adviser's and/or client's wishes. Meetings and teleconferences are typically held on an annual basis. These reports include a summary of receipts and disbursements for each client's account, including the principal investment gain or decline for a specific period of time. They also often include an asset diversification schedule and a description of projected annual income from the securities held in the portfolio.

The Adviser provides written semi-annual investment and account reports to clients in addition to having a telephonic or in person review for clients that so request. Clients may choose to receive these reports quarterly rather than semi-annually.

Robert F. Hall, President of the Adviser, reviews all accounts at least quarterly, but generally monthly to ensure those accounts are being managed within guidelines established by the Adviser and client. Accounts will be reviewed more often as required by special circumstances, such as a relevant development in market conditions affecting one or more of the securities or markets in which a client invests or which the Adviser monitors, or in anticipation of a bond maturity or call date.

Client Referrals and Other Compensation

The Adviser does not pay nor receive compensation in connection with client referrals.

Custody

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

Investment Discretion

The Adviser usually receives discretionary authority 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, the Adviser will exercise such discretion in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to the Adviser in writing.

Voting Client Securities

It is the Adviser's policy that each client is responsible for voting all of the proxies related to the securities held in any and all accounts. In instances where an employee of the Adviser serves as a trustee of a trust account that is also an advisory client, the Adviser has implemented policies to ensure that only in very limited circumstances will the Adviser vote proxies on behalf of such trust clients.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how the Adviser voted any proxies on behalf of their account(s).

Financial Information

A registered investment adviser, such as the Adviser, is required in this Item 18 to provide you with certain financial information or disclosures about the adviser's financial condition. The Adviser 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.