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This Form ADV Part 2A brochure provides information about the qualifications and business practices of Lakeside Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 206 324-2600 or Dennis@LakesideCapital.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Lakeside Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov. Lakeside Capital Management, LLC is a registered investment advisor. Registration as an investment advisor does not imply any certain level of skill or training.

Material Changes (Item 2)

This section of the brochure helps you quickly identify material changes from the last annual update.

This version of Lakeside Capital Management, LLC's Form ADV Part 2 is in a narrative format. Please review all parts of it because it describes important details about us and the services we provide.

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Advisory Business (Item 4)

This section of the brochure tells you about our business, including ownership and a description of the services we offer.

Ownership

Lakeside Capital Management, LLC is referred to in this document as “Lakeside Capital Management”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of Lakeside Capital Management as “you”, “client”, or “your”. Lakeside Capital Management was created in 2000 and is owned by Dennis Daus.

Types of Advisory Services

Investment Supervisory Services

Some clients enter into a written Investment Advisory Agreement, where Lakeside Capital Management and our investment adviser representatives provide asset management services on a continuous and ongoing basis guided by the individual needs of the client. Using the information provided by you, the investment advice provided to you is tailored to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance. These investment supervisory services are generally not provided to your entire holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

Advice on Matters Not Involving Securities

Lakeside Capital Management may from time-to-time provide advice on topics not involving securities. This advice may relate to real estate. The fees for this advice may be included as part of an assets under management billing agreement or a fixed fee agreement described in the written agreement between us. Non-securities related advice is only provided to you upon specific written request and agreement between us. Not all clients receive this type of advice.

Financial Planning

Some clients are provided a written plan that may include a personal balance sheet and certain projections. Any reports, financial statement projections, and analyses are intended exclusively for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Lakeside Capital Management will not audit, review, or compile financial statements, and accordingly, we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be material differences between projected and actual results because events vary and circumstances frequently do not occur as expected.

Our analyses will be highly dependent on certain economic assumptions about the future. Therefore, you should establish familiarity with historical data regarding key assumptions

such as inflation and investment rates of return, as well as an understanding of how significantly these assumptions affect the results of our analyses. We may counsel you as to the consistency of your assumptions with relevant historical data, but we will not express any assurance as to the accuracy or reasonableness of your specific data and assumptions. You are ultimately responsible for the assumptions and personal data upon which our procedures and projections are based. The financial plan assumptions and reports are primarily a tool to alert you to certain possibilities. The reports are not intended to nor do they provide any guarantee about future events including your investment returns. The implementation of the plan is solely your responsibility.

The financial plans provided for some of our clients do not address all potential aspects of financial planning. Typically our plans address retirement planning, college funding, and your personal wealth management goals. Risk management issues such as life, health, disability, and long-term care insurance are not typically addressed and you are encouraged to seek professional counsel in these areas.

Types of Investments Used

We consider many different types of securities when formulating the investment advice we give to you. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, your account(s) managed by us may contain individual stocks, corporate and/or government bonds, mutual funds, or exchange traded funds ("ETFs"). In some situations we may recommend that real estate be part of your investment portfolio.

Options

In some, but not all cases, Lakeside Capital Management may use option contracts on securities in a client's managed portfolio. Option strategies are not used in all client portfolios. The use of option strategies is not always successful at increasing return or reducing losses. The use of options adds risk and cost to the portfolio. Option strategies can diminish account performance.

Tailored Services and Investment Restrictions

We attempt to tailor your investment portfolio to your situation as you have described it to us. This is why it is so important that you let us know about changes to your financial situation, goals, or investment time horizon. You may impose restrictions on investing in certain securities or types of securities. You must clearly identify these restrictions in writing to Lakeside Capital Management.

Assets Under Management

As of December 31, 2011, Lakeside Capital Management manages approximately \$151,700,000 of client assets. Approximately \$55,000,000 of client assets are managed on a discretionary basis and approximately \$96,700,000 is managed on a nondiscretionary basis. Included in the non-discretionary asset total, is the value of private equities, and real estate and lending investments. As described in the following section on valuation,

investment vehicles such as private equities, real estate and lending are valued at their original cost or a prior transaction that does not reflect its fair market value.

Fees and Compensation (Item 5)

This section of the brochure describes how we are compensated for the services we offer.

Compensation Methodology and Rates

Assets Under Management

Some clients are charged for our asset management services based on a percentage of the assets being managed. Your specific annual fee arrangement will be described in the written Investment Advisory Agreement entered into between Lakeside Capital Management and you. The annual investment advisory fee that we charge clients ranges between 0.50% and 1.50%. Investment advisory fees charged by us are negotiable at our sole discretion. Clients do not pay the same fee for similarly sized portfolios.

The annual fee for our services is billed quarterly, in advance, based on the value of the account at the end of the quarter. If the management agreement does not span the entire quarterly billing period, the fee will be pro-rated based on the number of days the account is open during the billing period. Your account custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is the shared responsibility of Lakeside Capital Management and you to verify the accuracy of the fee calculation as the account custodian will not determine whether the fee has been properly calculated. See Item 12 – Brokerage Practices in this brochure for more information about your account custodian(s).

Clients' managed portfolios are valued in several ways depending upon the type of assets in the portfolio.

Valuation of Publicly Traded Securities

Publicly traded securities in your account(s) managed by us are held at the custodian that we recommend but is ultimately chosen by you. We use the securities valuation provided by the independent qualified custodian for reporting and billing purposes. Publicly traded securities are usually valued as of the end of business on the last trading day of the calendar quarter.

Valuation of Private Equities

Some of our clients hold privately issued securities in their managed account portfolios. Your independent qualified custodian may hold the privately issued securities, you may hold the physical certificates, or you may have ownership that is only reflected on the books of the issuer. These privately issued securities are not publicly traded and therefore do not have a daily indication of their fair market value. It is our policy to use the last known transaction price to value these non-publicly traded securities for reporting and

billing purposes. Because the last known transaction price for these securities may be from a date far in the past, it may be higher or lower than the actual fair value of the securities at the portfolio valuation date. Therefore the management fee related to the asset will be higher or lower than it would have been had an actual fair market value been available and used.

Valuation of Real Estate and Lending Investments

Some of our clients hold ownership interests in limited liability companies ("LLC Interests") as investments in their managed account portfolios. The LLC Interests are investment vehicles designed to allow clients access to real estate and securitized lending. These LLC Interests are privately issued securities and not publicly traded. As the LLC Interests are not publicly traded, they are illiquid and not valued by the issuer or the client's independent qualified custodian. It is our policy to use the client's initial investment as the value for reporting and billing. The actual value of the LLC Interests may be higher or lower than the value used in reports and for billing purposes. Therefore the management fee related to the asset will be higher or lower than it would have been had an actual fair market value been available and used.

In situations where, in Lakeside Capital Management's opinion, the original investment value is materially greater than the current fair value of a security, Lakeside Capital Management may, but is not obligated to, reduce the value of the investment "fair value" on its books for reporting and billing purposes. Lakeside Capital Management's "fair value" is only an estimate based upon variables including the investment's sector within the economy, current and estimated economic conditions, income, and occupancy levels, among other factors. Our estimate is not a guarantee of value or offer to purchase a security. In situations where we "fair value" a security for billing purposes, our compensation is determined in part by that valuation. We then have a financial incentive to value a security at a higher value. This financial incentive creates a potential conflict of interest between you and us wherein your interests might not be aligned with ours.

You may terminate the Investment Advisory Agreement without fee or penalty by providing written notice to Lakeside Capital Management within five (5) business days from the execution of the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing written notice. Any investment advisory fees collected in advance of services being performed will be returned to you on a pro rata basis.

Fixed Fees

You may enter into an Investment Advisory Agreement where the fee for services is determined through negotiations and agreement between you and Lakeside Capital Management. Fixed fees are not necessarily based upon the value of assets managed or time expended providing services. Fixed fees are normally agreed to for one year, then renegotiated and agreed to for future periods. If you are paying a fixed fee you may pay a fee higher or lower than one based upon the value of assets managed. In the event a fixed fee engagement is terminated, unearned fees will be returned to you on a pro rata basis.

How Clients Pay Advisory Fees

Fees are generally deducted directly from your account. You must provide your account custodian with written authorization to have fees deducted from your account and paid to Lakeside Capital Management.

Other Types of Fees and Expenses

In addition to the investment advisory fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or Lakeside Capital Management. These fees may include:

- periodic distribution fees
- electronic fund and wire transfer fees
- certificate delivery fees
- reorganization fees
- account transfer fees (outbound)
- returned check fees
- international security transfer fees
- overnight mail and check fees
- Rule 144 transfer fees
- transfer agent fees

This list is not meant to be all inclusive. Any fee on a special service incurred by the client will be fully disclosed. Please refer to Item 12 of this document for an explanation of our brokerage practices.

Investment Company Fees

Investment company funds that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you.

Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Lakeside Capital Management to sell client's securities in a

period that would generate a redemption fee, it should be anticipated that we might do so if in its opinion the sale is in your best interests. Periodically, fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

Commission Based Compensation

Our investment advisor representatives are not registered representatives of a broker-dealer and do not receive any commission-based compensation while providing investment advisory services to you.

Some clients of Lakeside Capital Management have, in the past, invested in privately issued securities whose General Manager is owned and controlled by Dennis Daus. These affiliated entities, LCM Management, L.L.C. and Madison Park Management, LLC, were in some cases compensated for part of their services by way of a one-time fee earned upon creation of the privately issued security. Investors in privately issued securities are always urged to carefully review the offering documents and disclosures before deciding to whether to purchase them or not.

Because of the affiliation between Lakeside, LCM Management, L.L.C., and Madison Park Management, LLC, we have a financial incentive to recommend these investments to you. This financial incentive creates a potential conflict of interest between you and us where our interests might not be aligned. It is our practice to only introduce accredited, qualified investors to these opportunities, and it is always a clients' choice whether to purchase a privately issued security or not. Privately issued securities are never purchased on behalf of a client using a limited power of attorney.

You have the option to purchase investment products that we recommend through other sources.

Financial regulations require that many investments appoint a custodian. For real estate and lending investments, Lakeside currently recommends that its clients utilize Millennium Trust Company (MTC) as their custodian. MTC charges an annual fee that is paid by the clients. This fee usually averages \$250-\$300 annually. Investors should consider the cost of this annual fee in determining whether these investments are cost effective alternatives to the stock and bond markets.

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

This section of the brochure explains any performance-based fees we may charge.

Lakeside Capital Management does not charge fees that are based upon a share of capital gains or capital appreciation of client portfolios that are made up of publicly traded marketable securities.

Performance-Based Fees

LCM Management, L.L.C. and Madison Park Management, LLC the general managers of special purpose investment vehicles, are affiliated with Lakeside Capital Management, LLC through common ownership. Some of the special purpose investment vehicles they manage contain compensation arrangements where the manager, LCM Management, L.L.C. or Madison Park Management, LLC will receive a portion of ongoing income and profits of the investment vehicle. In special purpose investment vehicles that are a lender of funds, the manager will receive the spread between the lending rate and the borrowing rate.

Because of the profit participation portion of its compensation, the managers affiliated with us have a financial incentive to make riskier investments than they would otherwise. This incentive creates a potential conflict of interest between you and us. The performance fees and compensation from non-clients (the special purpose investment vehicles) is in addition to the investment advisory fee paid to Lakeside Capital Management, LLC.

Side-By-Side Management

We provide investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We strive to act in the best interests of each of our clients at all times.

Types of Clients (Item 7)

This section of the brochure describes who we generally provide our services to.

Individuals

Lakeside Capital Management provides advisory services to a variety of types of clients including individuals, trusts, and individual's pension plan accounts.

Pooled Investment Vehicles

Lakeside Capital Management provides advisory services to pooled investment vehicles. We provide advice to the pool based upon investment mandates provided by the pool and not necessarily in consideration of the individual circumstances of each investor in the pool.

Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8)

This section of the brochure explains how we formulate our investment advice and manage client assets.

Methods of Analysis

We analyze an investment by examining its publically available financial statements or reports, its management, competitive advantages, competitors, and markets. We attempt to identify investments that are selling for less than their intrinsic worth. Our fundamental analysis method is based upon the assumption that markets may misprice an investment in the short run but that the "correct" price will eventually be reached.

Investment Strategies

We believe in identifying and leveraging market efficiencies. We use passive strategies for investments in markets we feel are efficient. An efficient market is one where prices of traded assets (e.g., stocks or bonds) already reflect all past publicly available information. With efficient markets, like the stock market, we help you use simple vehicles like exchange-traded funds that typically have lower internal management fees. We then advise you when to increase allocation or decrease exposure.

We use active strategies for investments in markets we feel are inefficient such as individual real estate investments. With inefficient markets, like the real estate market, we provide qualified, accredited investors investment opportunities typically reserved for the ultra-wealthy. These opportunities could include equity or debt positions in a variety of real estate sectors.

Risks

As with any investment, you could lose all or part of your investments managed by Lakeside Capital Management, and your account's performance could trail that of other investments.

Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds may underperform in comparison to the general securities markets or other asset classes.

Concentration Risk

To the extent that Lakeside Capital Management recommends portfolio allocations that are concentrated in a particular market, industry or asset class, your portfolio may be susceptible to loss due to adverse occurrences affecting that market, industry, or asset class.

Equity Securities Risk

Equity securities are subject to changes in value that may be attributable to market perception of a particular issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments.

Growth Securities Risk

Growth companies are companies whose earnings growth potential appears to be greater than the market, in general, and whose revenue growth is expected to continue over an extended period. Stocks of growth companies or "growth securities" have market values

that may be more volatile than those of other types of investments. Growth securities typically do not pay a dividend, which may help cushion stock prices in market downturns and reduce potential losses.

Issuer Risk

Your account's performance depends on the performance of individual securities in which your account invests. Any issuers may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, or other factors. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

Management Risk

The performance of your account is subject to the risk that our investment management strategy may not produce the intended results.

Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security may decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected.

Market Trading Risks

Your investment account faces numerous market trading risks, including the potential lack of an active market for investments held in your account and losses from trading in secondary markets.

Passive Investment Risk

Lakeside Capital Management may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

Larger Company Securities Risk

Securities of companies with larger market capitalizations may underperform securities of companies with smaller and mid-sized market capitalizations in certain economic environments. Larger, more established companies might be unable to react as quickly to new competitive challenges, such as changes in technology and consumer tastes. Some larger companies may be unable to grow at rates higher than the fastest growing smaller companies, especially during extended periods of economic expansion.

Leverage Risk

Certain transactions may give rise to a form of leveraging, including borrowing. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward-commitment transactions. The use of derivatives may also create leverage. The use of leverage may

cause a portfolio to liquidate portfolio positions when it may not be advantageous to do so. Leveraging may make a portfolio more volatile than if the portfolio had not been leveraged. This is because leverage tends to increase a portfolio's exposure to market risk, interest rate risk or other risks by increasing assets available for investment.

Liquidity Risk

A security may not be able to be sold at the time desired without adversely affecting the price.

Regulatory Risk

Changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

Smaller Company Securities Risk

Securities of companies with smaller market capitalizations, historically, tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

Value Style Investment Risk

Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks may be purchased based upon the belief that a given security may be out of favor. Value investing seeks to identify stocks that have depressed valuations, based upon a number of factors which are thought to be temporary in nature, and to sell them at superior profits when their prices rise when the issues which caused the valuation of the stock to be depressed are resolved. While certain value stocks may increase in value more quickly during periods of anticipated economic upturn, they may also lose value more quickly in periods of anticipated economic downturn. Furthermore, there is a risk that the factors which caused the depressed valuations are longer term or even permanent in nature, and that there will not be any rise in value. Finally, there is the increased risk in such situations that such companies may not have sufficient resources to continue as ongoing businesses, which would result in the stock of such companies potentially becoming worthless.

Derivatives Risk

The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

Key Man Risk

We are a small firm where Dennis Daugs performs many roles. This fact leads to "key man risk," or the risk that something could happen to Mr. Daugs that negatively affects your portfolio.

Small Firm Risk

We are reliant on research from other firms to help us in our investment decisions. In addition, we do not have the financial resources that other, larger firms have to invest in market data systems or industry consultants to provide insight on specific companies or industries in which we may invest.

Disciplinary Information (Item 9)

This section of the brochure lists legal and disciplinary information for Garde Capital, its owners, and management team.

Neither Lakeside Capital Management nor any of our owners or management team members has been involved in any civil or criminal investment-related events.

Neither Lakeside Capital Management nor any of our owners or management team members has been involved in any civil or criminal investment-related events that must be disclosed by SEC Registered Advisors in this document.

However, state regulators require that all formal investigations and disciplinary actions taken by regulators, customer disputes, certain criminal charges and/or convictions, as well as any IAR's financial disclosures, such as bankruptcies and unpaid judgments or liens, be filed with FINRA. If this type of information would be material to your decision to do business with us please refer to FINRA's Broker Check at www.adviserinfo.sec.gov for more information about the IAR's you are evaluating.

Other Financial Industry Activities and Affiliations (Item 10)

This section of the brochure describes other financial services industry affiliations we may have that could present a conflict of interest with you.

Sponsor or Syndicator of Limited Partnerships

We are affiliated through common ownership with Madison Park Management, LLC and LCM Management, L.L.C., entities created to act as General Manager of investment vehicles or entities that issue securities. Madison Park Management, LLC and LCM Management, L.L.C. have created investment vehicles designed to allow clients to invest in types of investments that they might not otherwise be able to access such as real estate, lending pools, and other privately issued securities.

We may, but are not obligated to, introduce our clients to Madison Park Management, LLC or LCM Management, L.L.C. Because of the affiliation through common ownership, we have a financial interest in making successful referrals to our affiliated entities. The financial incentive to make referrals creates a potential conflict of interest between you and us. You acknowledge this potential conflict exists and that any referral by us or our principals to an affiliated entity is not provided as your fiduciary.

Investors (or their representatives) in privately issued securities must be sophisticated in financial and business matters, generally, and particularly in investing in securities. In addition, each investor must have a net worth of at least \$1,500,000 or have \$750,000 under management by the Manager and must be an “accredited investor” as defined in Rule 501 of Regulation D.

This brochure is not an offer to sell or a solicitation of an offer to purchase an interest in securities. The foregoing disclosure is made to describe the potential conflicts of interest we and our principals might have with current or potential clients. Before investing in any investment, especially privately issued securities, you must read and understand documents related to the specific investments. These documents include but are not limited to a Private Placement Memorandum, Subscription Agreement, LLC Operating Agreement, and other important documents. These documents describe the risks of the investment and underlying investments including, but not limited to, the non-transferable nature of the investments, the lack of liquidity, the lack of accurate and timely valuation, and conflicts of interest between you, the potential investment purchaser, and us. Purchasers of privately issued securities after their initial issue acknowledge that the statements and disclosures in original disclosure documents may no longer be true, and that forward-looking statements in the original documents may not have occurred as expected. Investors should request supplemental information or perform additional due diligence about the entity and its activity since the securities were originally issued.

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

This section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.

Code of Ethics

We have adopted a code of ethics designed to prevent and detect violations of securities rules by our employees and affiliated persons. Our controls in this area focus upon securities transactions made by our employees that have access to material information about the trading of Lakeside Capital Management. We will provide a copy of our code of ethics to clients or prospective clients upon request.

Material Financial Interest and Personal Trading

Lakeside Capital Management is affiliated with pooled investment vehicles by its affiliation through common ownership with entities acting as General Manager to the investment vehicles. At our discretion, we may introduce clients to the pooled investment vehicles. Because of our affiliation and compensation arrangements with the pooled investment vehicles, we have a financial incentive for you to purchase interests in the pooled investment vehicles. The financial incentive creates a conflict of interest between us if you are a purchaser of interests in the pooled investment vehicles and our interests are not aligned with yours. We address these conflicts by only allowing sophisticated, accredited

investors, who have been apprised of the conflict of interest, to purchase interests in the pooled investment vehicles.

From time-to-time the interests of the principals and employees of Lakeside Capital Management may coincide with yours and other clients. Individual securities may be bought, held, or sold by a principal or employee of Lakeside Capital Management that is also recommended to or held by a you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

It is the policy of Lakeside Capital Management to permit the firm, its employees, and investment advisor representatives ("IARs") to buy, sell and hold the same securities that the investment advisor representatives also recommend to clients. It is acknowledged and understood that we perform investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you may differ from other clients and investments made by our investment advisor representatives. We have no obligation to recommend for purchase or sale a security that Lakeside Capital Management, its principals, affiliates, employees or investment advisor representatives may purchase, sell, or hold. When a decision is made to liquidate a security from all applicable accounts, priority will always be given to client orders before those of a related or associated person to Lakeside Capital Management. In some cases the trades of the clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. We have procedures for dealing with insider trading, employee-related accounts, "front running" and other issues that may present a potential conflict when buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

Brokerage Practices (Item 12)

This section of the brochure describes how we recommend broker-dealers for client transactions.

Factors Considered When Recommending Broker-Dealers

We may suggest or recommend that clients use a particular qualified custodian and/or broker-dealer. When we make this recommendation, we consider:

- reasonableness of commissions, and other costs of trading
- ability to facilitate trades
- access to client records
- computer trading support
- other operational considerations

These factors are reviewed from time to time to assure the best interests of our clients are upheld.

Research and Other Benefits

We may recommend that clients establish brokerage accounts with specific custodians. Normally we recommend Charles Schwab & Co., Inc. ("Schwab") for accounts holding publically traded marketable securities and Millennium Trust Company, LLC for accounts holding privately issued securities. We can help you establish an account and relationship with the one of these custodians (collectively "the Custodian"). The Custodian maintains custody of your assets and executes trades for your account(s). The Custodian provides us with access to its institutional trading and operations services, which are typically not available to retail investors. These services are offered to independent investment advisors at no charge in exchange for keeping a minimum amount of account assets at the Custodian.

Schwab's services include research, brokerage, and custody. Schwab offers access to mutual funds and other investments that are available only to institutional investors or require a significantly higher minimum investment. Schwab also makes available to us other products and services that benefit us but may not benefit our clients. Some of these other products and services help us manage and administer client accounts, and include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- provide research, pricing information, and other market data
- facilitate payment of our fees from your account(s)
- help with back-office support, recordkeeping, and client reporting

These services may be used with all or a substantial number of clients' accounts, including accounts not maintained at Schwab. We do not attempt to allocate the benefit to accounts proportionately to the accounts that generate the benefit.

Some of the products or services provided by Schwab do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, including those services that do not aid in investment decision-making or trade execution. These business management and development services, in addition to those listed above, may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodian may use independent third parties to offer these services to Lakeside Capital Management. Schwab may discount or waive fees it would otherwise charge for some of these business management and development services or pay all or a part of the fees of a third-party providing these services to us. Because we receive discounts, research, products, or services we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research, products, or services, rather than on the client's interest in receiving most favorable execution. The Custodian or broker-dealer recommended by Lakeside Capital Management may charge commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for services and benefits.

Brokerage for Client Referrals

Lakeside Capital Management does not have any agreements in place where securities transactions are directed to particular broker-dealers in exchange for client referrals.

Directed Brokerage

If you direct Lakeside Capital Management to execute securities transaction at a broker other than one we use for our other clients you will forgo any benefit from savings on execution costs that we may have obtained through its negotiation of volume discounts or batched orders. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case had you used a brokerage relationship we prefer.

Aggregated Orders

When we decide to purchase or sell a specific security for multiple clients at the same time, we will consider aggregating, or combining the orders. This procedure will result in a single average price for all client transactions in the aggregated order. Your account custodian charges for each transaction as if it were placed individually.

Review of Accounts (Item 13)

This section of the brochure describes how often client accounts are reviewed and by whom.

Reviews

Lakeside Capital Management reviews the securities held in its clients' investment supervisory accounts on an ongoing basis. The reviews are conducted by Dennis Daus. Your accounts are reviewed at least quarterly for proper asset allocation to assure they comply with your investment objectives and mandates.

Financial plans are reviewed only upon request unless you retain us to update the plan on a continuous basis.

Reports

We have arranged for your independent qualified account custodian to prepare and distribute account statements directly to you not less than quarterly. In addition, we prepare and distribute written reports to you each quarter. These account statements describe all activity in your accounts including account holdings, transactions and investment advisory fees deducted from the account. We gather the information on these quarterly reports from sources we believe to be accurate and reliable, but we cannot guarantee their accuracy. We urge you to compare the statements we send to those you receive from your Custodian.

Client Referrals and Other Compensation (Item 14)

This section of the brochure discloses our arrangements with people who are compensated for referring us business.

Lakeside Capital Management does not pay anyone nor does it receive any compensation for giving or receiving referrals of investment advisory clients.

Custody (Item 15)

This section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.

You have authorized us to deduct periodic investment advisory fees directly from one or more of your accounts managed by Lakeside Capital Management. These deductions from your account are shown on the periodic statements sent by your qualified custodian directly to you. You are encouraged to review these statements carefully and compare the amounts on the custodian statements with any statements we send and the fee schedule outlined in your Investment Advisory Agreement.

Entities affiliated through common ownership and control with us, serve as the General Manager (or other similar position) to pooled investment vehicles. As General Manager, they have the power and authority to access and distribute client funds and/or securities from the pooled investment vehicle. We have implemented internal control procedures where the pooled investment vehicle(s) for which Dennis Daus acts as the Manager of the General Manager, will either be audited by an independent certified public accounting firm, copies of the financial statements of the pooled investment vehicle will be distributed to the investment pool investors annually, or the firm will undergo an independent verification review by a Certified Public Accountant.

Investment Discretion (Item 16)

This section of the brochure discloses the power we have to make trades in your account.

You grant Lakeside Capital Management a limited power of attorney to select, purchase, or sell publicly traded marketable securities without obtaining your specific consent within the account(s) you have under our management. The limited powers of attorney are granted in the written Investment Advisory Agreement entered into between us. There are no restrictions upon the securities that may be purchased, sold, or held in your account unless you provide the restrictions to us in writing.

Voting Client Securities (Item 17)

This section of the brochure explains our proxy voting policy and your ability to get proxy voting information from us.

Lakeside Capital Management will vote proxies for securities held in accounts that it directly manages. The responsibility for voting proxies for securities held in accounts not under our direct management rests with the investment advisor to the end client.

Proxy Voting Policy

Lakeside Capital Management has adopted a written policy regarding the voting of client proxies that is designed to ensure that we fulfill our fiduciary obligation to you and our other clients to monitor corporate actions and vote client proxies. The written policies are designed to address a wide range of common business and social issues often contained in proxy statements and how to vote them in the best interest of our clients. Items not specifically addressed in the policy will be dealt with on a case-by-case basis by Lakeside Capital Management. If a material conflict of interest presents itself, we will notify the affected clients and refrain from voting the respective shares. We will vote proxies in a way that we believe will cause securities to increase the most or decline the least in value in order to maximize shareholder value. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote.

You can obtain a copy of our proxy voting guidelines by contacting us directly. We can also provide you with information on how we voted on a specific proxy item on request. Requests should identify the security and the proxy item in writing to assure they are clearly understood and submitted to:

Dennis Daugs
Chief Compliance Officer
Lakeside Capital Management
1938 43rd Avenue East
Seattle, WA 98112

Financial Information (Item 18)

This section of the brochure is where investment advisors that collect more than \$1200 in fees per client, six months or more in advance would include a balance sheet. Material financial information about the advisor is also disclosed.

In the ordinary course of business, Lakeside Capital Management and its affiliated companies are routinely the recipient of questions, complaints, or are defendants in, or parties to, threatened legal actions and proceedings.

Certain of these actions and proceedings are based on alleged securities violations, other laws, or breaches of contracts. In certain of these complaints, claims for substantial monetary damages are asserted against us and our subsidiaries.

In view of the inherent difficulty of predicting the outcome of such complaints, and particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories, we cannot state with confidence what the eventual

outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines, or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, we establish reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable. When loss contingencies are not both probable and estimable, we do not establish reserves. Loss contingencies are not both probable and estimable in the view of management, and accordingly, reserves have not been established for those matters. Based on current knowledge, we do not believe that loss contingencies, if any, arising from pending litigation and regulatory matters will have a material adverse effect on the consolidated financial position or liquidity of the Company.

Prepayment of Fees

Lakeside Capital Management does not require pre-payment of investment advisory fees of greater than \$1200 more than six months in advance.

Privacy Statement

We, like other professionals who advise on personal financial matters, are required by federal law to inform our clients of their policies regarding the privacy of client information.

In the course of providing our clients with certain advice, we may receive nonpublic personal financial information such as financial statements, account statements, and tax returns from our clients, their accountants and other representatives. All nonpublic personal information that we receive regarding our clients or former clients is held in strict confidence in accordance with our professional obligations, and is not released to people outside Lakeside Capital Management, except with your consent, as required by law or to explain our actions to professional organizations that we are members of. We may share certain information with third parties who assist us in providing our services to you (such as administrative and client service functions) or marketing services, as permitted by law, subject to the obligation of these third parties not to use or disclose such information for any other purpose.

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases to comply with professional guidelines. In order to guard your nonpublic personal information from unauthorized disclosure, we maintain physical, electronic, and procedural safeguards.

If your financial situation, goals, or risk tolerance has changed since you last notified us in writing, please contact us immediately.