

COLBERT INVESTMENT MANAGEMENT

**701 BRICKELL AVENUE, SUITE 2080
MIAMI, FL 33131**

Telephone: +1 (305) 400-9982

Fax: +1 (305) 400-9994

www.colbertinvestment.com

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FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Colbert Investment Management Co. ("Colbert" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at +1 (305) 400-9982. 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 Colbert Investment Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Colbert Investment Management is 108642.

Colbert Investment Management is a Registered Investment Adviser registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 - Material Changes

This Item discusses only specific material changes that were made to our previous Brochure dated March 23, 2011.

In general, we have revised the overall disclosure in the Brochure to make it easier to understand our advisory business. We highlight the following changes, which may be material to a reader of our previous Brochure:

- Item 5 - Our discussion regarding fees received from certain mutual funds for shareholder servicing duties was moved to Item 10.
- Item 6 – Certain discussions of our Code of Ethics were removed as they are discussed in Item 11.
- Item 8 – We expanded our discussion of the specific risks attributable to our investment strategies.
- Item 11 – We modified our discussion of our Code of Ethics to describe in more detail our relevant policies and procedures.
- Item 15 – We revised our disclosure to clarify that we do not have custody of client account assets and added disclosure regarding the custody of assets of the Tortuga Fund, which is managed by a related person.
- Item 17 – We expanded our discussion on our proxy voting policy to more accurately reflect the policy.

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Item 4 - Advisory Business

Colbert Investment Management ("Colbert", the "Adviser", "we", "our" or "us) provides active asset management to its clients. Colbert was established in Miami, Florida in 1997 by Mr. Karim Armand, its principal owner. We manage individual accounts for clients utilizing a value-oriented strategy comprising both fixed income (like corporate or government bonds, etc.) and equity (common stocks, etc.) portfolios.

While we focus on this value oriented strategy, we custom tailor portfolios to the individual needs of clients depending on the client's particular situation. In particular, we custom tailor a client's fixed income portfolio while clients' equity portfolios tend to be more uniform among our clients.

While we would respect a client's wish to avoid certain types of securities, or a specific security, we generally recommend that no such restriction be imposed upon our firm. As of December 31, 2011, our discretionary assets under management were \$207,960,421.50. The Adviser does not manage any non-discretionary funds at this time.

Item 5 - Fees and Compensation

Our fees for portfolio management are calculated as a percentage of assets under management ("AUM"). There are four different fee schedules, which are dependent upon whether the account is equity/balanced, or fixed income, and whether discretionary or non-discretionary. The fees listed in the schedules below are annualized figures:

For DISCRETIONARY equity or balanced accounts:

<u>AUM</u>	<u>Annual Fee (%)</u>
Below \$1,000,000	1.95%
Next \$1,000,000	1.75%
Next \$1,000,000	1.50%
Next \$2,000,000	1.25%
\$5,000,000 and over	1.00%

For DISCRETIONARY fixed income accounts:

<u>AUM</u>	<u>Annual Fee (%)</u>
Below \$250,000	0.90%
\$250,000 to \$500,000	0.85%
\$500,000 to \$1,000,000	0.75%
Next \$1,000,000	0.70%
Next \$1,000,000	0.65%
\$3,000,000 and over	0.55%

For NON-DISCRETIONARY accounts:

<u>AUM</u>	<u>Annual Fee (%)</u> <u>Equity or Balanced</u>	<u>Annual Fee (%)</u> <u>Fixed Income</u>
Below \$500,000	1.95%	0.50%
\$500,000 to \$1,000,000	1.50%	0.375%
\$1,000,000 and over	1.00%	0.25%

All fees may be amended by our firm upon thirty (30) days' written notice to the client. In our sole discretion, we may negotiate lower fees and account minimums.

We charge fees to our clients quarterly and in arrears. The quarterly fee is based upon the value (market value or fair market value in absence of market value, plus any credit balance or minus any debit balance) of the client's account on the last business day of the preceding calendar quarter. The client may be charged a pro rata fee in the event the client's service is terminated on a day other than the last business day of the calendar quarter. In that event, the pro rata fee will be due and payable upon termination of the service.

Unless otherwise agreed, for both nondiscretionary and discretionary services, the client's account will be debited for the above-mentioned fees. We are paid fees from the amount of any contribution or transfer, from available cash in the client's account, or by liquidating the client's assets held in the client's account in an amount equal to the fees that are due.

In addition to the advisory fees charged by our firm, clients may incur additional fees. Commissions, sales loads, sales charges, management fees, administrative fees, account maintenance fees, and other fees may be charged by the broker or dealer selected for execution of the securities transactions in the accounts, by the custodian, and/or by the distributor, issuer or fund issuing the securities purchased and sold within the accounts. The client is solely responsible for paying all such charges. In addition, mutual funds and certain exchange-traded funds ("ETFs") pay management fees to their investment advisers, which reduce their respective assets. To the extent that the client's portfolio has investments in mutual funds or ETFs, the client

Item 5 - Fees and Compensation (continued)

may pay two levels of advisory fees for the advisory service; one to Colbert and the other indirectly to the managers of the mutual funds and ETFs held in the portfolio. A client could invest in a mutual fund directly, without the services of our firm. In that case, the client would not receive the services provided by our firm, which are designed, among other things, to assist the client in determining which funds are most appropriate to the client in light of the client's financial profile and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by our firm to assess the value of the advisory service. Please refer to Item 12 - "Brokerage" for more information.

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

The President and sole shareholder of Colbert, Karim Armand, is also the sole member of Tortuga Asset Management, LLC ("Tortuga Management"), which is the General Partner of Tortuga Capital, LP (the "Tortuga Fund"), a limited partnership organized under the laws of Delaware on June 5, 2007. Tortuga Management (and therefore Mr. Armand) has primary responsibility for the investment decisions of the Tortuga Fund. Tortuga Fund charges no management fee to its fund investors, but does receive performance fees whenever certain minimum annual returns are achieved on investor interests.

Clients of Colbert may be, or may have been, solicited to invest in the Tortuga Fund and a portion of a client's portfolio may be invested in the Tortuga Fund. This creates a conflict of interest as Mr. Armand, as the sole member of Tortuga Management, has an inherent financial interest in soliciting clients to invest in the Tortuga Fund and, due to the performance fee, may ultimately receive higher compensation from Colbert clients that invest in the Tortuga Fund than those that do not. This may also create an incentive for the Adviser to favor such clients over other accounts in the allocation of investment opportunities. Additionally, performance based fee arrangements, such as those used by the Tortuga Fund, may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. We have taken steps to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. We have adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. We review investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, our procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size, subject to a number of factors including the availability of cash in the account, and any concentration limits or other restrictions imposed by virtue of any separate investment management agreement with each client. We may aggregate orders, in which event clients will receive an average price. These areas are monitored by our Chief Compliance Officer.

Item 7 - Types of Clients

We generally provide investment advice to individuals (including retirement accounts, IRAs, etc.), companies, trusts, banks, insurance companies, and other institutional clients. We generally require a minimum account value of \$250,000 to engage our advisory services; however, in certain circumstances we may reduce this minimum requirement.

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

We employ a value investment strategy for our clients. Value investing means paying a price for a security that is lower than our estimate of its intrinsic value thereby building in a margin of error and safety should the price of the security decline. We use a "bottom-up" investment approach, placing our primary emphasis on the merits of the individual investment itself while focusing less on grand macro-economic projections. Through our own research and analysis, we form an opinion as to the intrinsic value of an asset and then aim to purchase the asset at a comfortable discount to its value. We do not recommend any particular type of security, sticking mostly with individual bonds and stocks that have risk/reward characteristics that suit a client's portfolio. We tend to favor a buy and hold strategy therefore we do not trade frequently, thus minimizing trading costs.

Principal Investment Risks

General Investing Risk: All investments carry a certain amount of risk and the strategies cannot guarantee they will achieve their investment objectives. In addition, the strategies we use may fail to produce the intended result. An investment in our strategies is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Therefore, you could lose money by investing in our strategies. Our strategies may be appropriate for you if you are investing for goals several years away, and are comfortable with stock market risks.

Market Risk: Stocks may decline over short or even extended periods of time. Equity markets tend to be cyclical; there are times when stock prices generally increase, and other times when they generally decrease. In addition, the strategies are subject to the additional risk that the particular types of stocks held will underperform other types of securities.

Value Style Risk: Although the strategy invests in stocks we believe to be undervalued, there is no guarantee that the prices of these stocks will not move even lower.

Fixed Income Risks

Interest Rate Risk: The value of fixed income securities tends to fluctuate with changes in interest rates. Generally, their value will decrease when interest rates rise and increase when interest rates fall. Fixed income securities with longer maturities are more susceptible to interest rate fluctuations than those with shorter maturities. Therefore, the risk of interest rate fluctuation is greater to the extent that the strategies invest in long-term securities.

Credit Risk: Fixed income securities are also subject to the risk that an issuer will be unable to make principal and interest payments when due. The strategies may invest in shares of registered investment companies rated BBB- or higher by S&P or Baa3 or higher by Moody's or if unrated, determined to be of comparable quality at the time of purchase. Securities rated BBB or Baa3 are considered medium-grade obligations with speculative characteristics and are more vulnerable to adverse business or economic conditions than higher rated securities.

Government Agency Risk: Direct obligations of the U.S. Government such as Treasury bills, notes and bonds are supported by its full faith and credit. Indirect obligations issued by Federal agencies and government-sponsored entities generally are not backed by the full faith and credit of the U.S. Treasury. Accordingly, while U.S. Government agencies and instrumentalities may be chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. Some of these indirect obligations may be supported by the right of the issuer to borrow from the Treasury; others are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; still others are supported only by the credit of the instrumentality.

Prepayment Risk: Prepayment risk is the risk that a debt security may be paid off and the proceeds returned to the investor earlier than anticipated. Depending on market conditions, proceeds may be reinvested at lower interest rates.

Item 9 - Disciplinary Information

There are no legal or disciplinary events which we believe are material to our client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

As described in Item 6, Mr. Armand, our President and sole shareholder, is also the sole member of Tortuga Management, which is the General Partner of the Tortuga Fund. Tortuga Management (and therefore Mr. Armand) has primary responsibility for the investment decisions of the Tortuga Fund.

Clients may be, or may have been, solicited to invest in the Tortuga Fund and a portion of a client's portfolio may be invested in the Tortuga Fund. This creates a conflict of interest as Mr. Armand, as the sole member of Tortuga Management, has an inherent financial interest in soliciting clients to invest in the Tortuga Fund due to the performance fee charged by Tortuga Fund, which may result in higher compensation to Mr. Armand from Colbert clients that invest in the Tortuga Fund than those that do not. The conflicts resulting from this fee arrangement and how we address risks related thereto are described in Item 6.

We receive fees from various mutual funds for certain shareholders' servicing duties we perform on behalf of the funds. Currently, we are receiving such fees from Franklin Templeton Offshore. From time to time, we may invest client assets in such funds, which may represent a conflict of interest. To address this conflict, our policies prohibit our employees from receiving any consideration or payment or benefit directly or indirectly related to any such shareholder services fees. Further, we only invest client assets in these funds when, in our judgment, it is in the best interest of the client and no equal or better alternative is available.

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

We recognize and believe that (i) high ethical standards are essential for our success and to maintain the confidence of our clients; (ii) our long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) we have a fiduciary duty to our clients to act for their benefit. All of our personnel must put the interests of our clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All of our personnel must also comply with all federal securities laws. We have adopted a Code of Ethics governing personal trading by our personnel. Among other requirements, the Code of Ethics requires personnel who have access to client portfolio information or our non-public securities recommendations to pre-clear their personal securities transactions with our chief compliance officer (the "Chief Compliance Officer"). The Code of Ethics also contains prohibitions against trading on the basis of material nonpublic information, and details how we use restricted lists to prevent either us or our personnel from trading on such information. In addition, personnel are required to report their personal securities transactions and holdings to the Chief Compliance Officer, and the Chief Compliance Officer is required to review such reports.

We and our related persons may own and trade securities in their personal accounts that we recommend to our clients, subject to certain limitations on the timing of purchases and sales set forth in the Code of Ethics. These limitations are in place to avoid conflicts that could be present if we or our related persons were permitted to trade at any time, without limitations (such as "front running" client trades). Notwithstanding the fact that a trade may be within the limitations set forth in the Code of Ethics, the Chief Compliance Officer may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of our clients.

You may obtain a copy of our Code of Ethics by writing to Karim Armand, our principal and chief compliance officer, and requesting a copy.

Item 12 - Brokerage Practices

Soft Dollar Practices

We have an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." Colbert is independently operated and owned and is not affiliated with Fidelity.

The institutional platform services Fidelity provides include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist our firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom our firm may contract directly. These brokerage and research products and services provided by Fidelity to us qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Client Referrals

We participate in the Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisors. We do not pay a fee to participate in the Wealth Advisor Solutions Program. Our participation in the program may raise potential conflicts of interest as it incentivizes us to recommend that clients custody asset with Fidelity.

Directed Brokerage

We do not permit clients to direct brokerage. We do not recommend or direct a broker-dealer in exchange for referrals.

Item 12 - Brokerage Practices (continued)

Trade Aggregation

We aggregate trades for itself or for its associated person with client trades. We have procedures in place to avoid conflicts when aggregating trades including the following:

- Our firm will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of our investment advisory agreement with each client for which trades are being aggregated;
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our firm's transactions in a given security on a given business day, with transactions costs shared pro-rata based on each client's participation in the transaction;
- Our firm's books and records will separately reflect, for each client account, the orders that are aggregated, and the securities held by and bought and sold for that account;
- Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; and;
- Our firm will receive no additional compensation or remuneration of any kind as a result of the aggregation.

Item 13 - Review of Accounts

Accounts are reviewed not less frequently than quarterly. All reviews are performed by Karim Armand, President of Colbert. At least annually, we will perform a comprehensive review of the advisory account and, upon a client's request we will perform such comprehensive reviews upon the occurrence of any agreed-upon triggering event or events. For discretionary accounts, if necessary, the allocation of each of the portfolios is adjusted at Mr. Armand's discretion in accordance with the client's investment objectives, risk tolerance, and financial needs.

Clients receive trade confirmations and account statements directly from the custodian at least quarterly. Additionally, clients receive written quarterly and yearly performance reports from us.

Item 14 - Client Referrals and Other Compensation

Other than as disclosed under Soft Dollars in Item 12, we receive no economic benefit from others for providing investment advice or other advisory services to our clients.

Neither we nor any related person directly or indirectly compensates any person who is not our supervised person for client referrals.

Item 15 - Custody

We maintain policies and procedures to comply with the requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Our managed account Clients' funds and securities are maintained at Fidelity or another qualified custodian (the "Custodian") and we do not have authority to withdraw funds (other than our fees in compliance with the Custody Rule). Clients receive quarterly, or more frequent, account statements directly from the Custodian. Clients should review these account statements carefully. We urge clients to compare the account statements received from Fidelity with those that received from us or others.

Tortuga Management, one of our related persons, is deemed to have custody of the assets of the Tortuga Fund because it is the general partner of the Fund with the authority to dispose of funds and securities. In compliance with the Custody Rule, Fund assets are held in custody with unaffiliated broker-dealers or banks, the Fund is subject to an annual audit, and the audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, are distributed to each investor in the Fund.

Item 16 - Investment Discretion

We manage client accounts on both a discretionary and non-discretionary basis. To the extent we have investment discretion over client accounts, our signed client agreements set forth the terms, conditions, and limitations on such authority.

Item 17 - Voting Client Securities

Colbert maintains the authority to vote proxies on client securities. We have adopted procedures that are designed to ensure that in cases where we vote proxies with respect to client securities, such proxies are voted in the best interests of our clients and that we identify and address conflicts of interest between us and our clients as well as among our clients. In general, we do not vote on routine corporate housekeeping proposals, including election of directors, or corporate governance issues. For all other proposals, we will determine whether voting on a proposal is in the best interests of our clients. A copy of our procedures on proxy voting is available upon request.

Item 18 - Financial Information

We have never filed for bankruptcy and are not aware of any financial condition that is expected to affect our ability to manage our Clients.