

(Revised as of 2/6/12)

The following serves as a **“Plain English Narrative”** for **ADV Part II**. It provides information about our services in compliance with Rule 204-3 under the Investment Advisers Act of 1940.

Advisory Services and Fees

Bunting Capital Management (“BCM”) offers financial advice and services tailored to the individual needs of clients. Each engagement typically begins with an understanding of the client’s particular situation and an articulation of goals and values or principles that will serve to guide the process and outcome of the engagement. BCM may consult with and coordinate the services of outside legal, tax and risk management advisors to provide these services. BCM also offers administrative services such as recordkeeping and financial reporting. Education and communication are an important component of all services.

Comprehensive Financial Planning, which could include but may not be limited to any of the following:

- Summary of goals and objectives
- Current and projected net worth statements
- Current and projected tax analysis
- Cash flow analysis
- Review of investment portfolios
- Review and analysis of insurance related areas
- Estate planning projections
- Projected annual progress toward stated goals
- Conclusions and recommendations

Hourly consultation: pertaining to specific requests and individual needs

Investment Management Services: BCM will assist clients in determining the appropriate asset allocation, taking into consideration the client’s goals, investment objectives, risk tolerance, planning horizon, liquidity needs, tax situation and personal preferences. BCM prepares a written Investment Policy Statement which guides the management of the portfolio.

BCM employs Modern Portfolio Theory in a “manager of managers” approach, diversifying client portfolios by asset class, investment styles and strategies, and multiple managers. The degree of diversification depends upon the size of the portfolio and the cost of diversification. BCM employs asset allocation optimizing software and other analytical tools to construct portfolios.

BCM will evaluate the money managers and recommend an appropriate investment vehicle that could include mutual funds, exchange traded funds (ETFs), separately managed accounts.

BCM provides investment supervisory services that we anticipate will account for 95% of advisory billings.

All investment clients enter into a written agreement with BCM. Either party may cancel the agreement at any time by providing written notice. Typically, the investment management services are offered on a

discretionary basis. Investment clients usually authorize BCM to withdraw fees directly from the account. Clients may authorize BCM to take the fees from one or more accounts. Clients may also authorize BCM to move funds from one account to another account in a different financial institution, provided the account is in their name or for their benefit.

Occasionally, BCM may manage investment advisory accounts that do not involve investment supervisory services. For example, a client may request that BCM track a holding of a security and buy or sell shares at the direction of the client. Or, a client may request that BCM keep records of a portfolio and reporting investment results without providing investment supervisory services. BCM expects these services to account for less than 1% of client billings. Fees for these services are negotiable and charged quarterly in advance.

BCM does not issue periodicals about securities by subscription. Nor does BCM issue, separately from the services described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities. BCM does not provide a timing service or furnish advice about securities in any manner not described above.

BCM provides ongoing supervision of the assets, generally reviewing the accounts quarterly for rebalancing. When appropriate, given the size of the account and the tax situation, accounts will be reviewed periodically for tax management opportunities, such as tax loss selling and short-term capital gain avoidance. However, tax management plays a secondary role to investment performance. BCM reserves the right to make this determination.

BCM does not generally advise on specific stock selection. However, BCM may advise on strategies for diversification of stock holdings, including strategies for managing risk and minimizing taxes. BCM may evaluate existing stock holdings and from time to time may give general opinions about specific securities.

Notwithstanding Bunting Capital Management's discretionary authority to make investment decisions on behalf of Client, BCM will not exercise proxy voting authority over client securities. The obligation to vote Client proxies shall at all times rest with the Client.

BCM may offer various fee arrangements depending upon the nature of the engagement. The fee arrangements may be based upon a percentage of assets under management, hourly charges, fixed fees or some combination of the three. BCM strives to be totally objective in its advice and recommendations to clients. In this endeavor, BCM does not accept commissions or any third party payments for the services provided or products recommended.

The following fee schedule applies:

Investment Advisory Fee Schedule Based Upon a Percentage of Assets Under Management

Assets Under Management	Annual Fee %	Quarterly Fee
First \$500,000	1.50%	0.375%
Next \$500,000	1.25%	0.3125%
Above \$1 million	1.00%	0.25%

The fees are billed quarterly in advance and are based upon the market value of the portfolio on the last day of the quarter. The fee schedule may be adjusted higher or lower depending upon the complexity of the engagement, the number of accounts, the level of aggregation of family members and the number of services provided. In the event the contract is terminated, any unearned fee will be refunded to the client. Individual fee schedules may be compressed for assets under management exceeding \$2 million.

BCM will regularly furnish advice to clients on matters broadly classified as financial planning. These services may include retirement, tax, college, and estate planning, risk management analysis and philanthropic consulting. These services may be charged on a fee only basis and may be billed separately or furnished as part of an integrated package of services that includes investment supervisory services. BCM may also consult on special projects as requested. BCM anticipates the above services will represent approximately 5% of advisory billings.

BCM does not offer or sell any type of products other than investment advice; however, its representatives may offer or sell insurance products through separate licenses as insurance agents. Individual representatives of BCM may be licensed agents for insurance companies (life/health). As a licensed agent, the representatives may receive commissions on insurance products sold. As a result of commissions received, a potential conflict of interest may exist with advisory client's interests. Client will be under no obligation, contractual or otherwise, to engage applicant as an insurance agent, though it is possible that client may choose to do so.

Types of Clients

BCM generally provides advice to individuals, families, trusts, estates, and charitable organizations. BCM may also provide advice to corporations, pension, and profit sharing plans. BCM does not offer advice to investment companies.

Managed Assets

As of December 31, 2011, BCM managed approximately \$51,500,000 in assets for about 175 client relationships. All of these accounts are managed on a discretionary basis.

Types of Investments

BCM may offer advice on the following:

- ☐ Exchange-listed equity securities
- ☐ Exchange Traded Funds (ETFs)
- ☐ Equity securities traded over-the counter
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Investment company securities:
 - mutual fund shares
 - variable annuities
 - variable life insurance
- ☐ United States government securities

Methods of Analysis, Sources of Information and Investment Strategies

On the infrequent occasion when BCM advises on a specific security selection, it may employ charting, fundamental, technical, and/or cyclical analysis.

Information for investment analysis is collected from financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and other sources. The investment strategies used to implement any investment advice given to clients include primarily long-term purchases (securities held at least a year). Occasionally securities are held short term (securities sold within a year), and rarely will BCM conduct trading (securities sold within 30 days).

BCM subscribes to Morningstar Principia and receives detailed information from Charles Schwab & Co. for supplemental stock, mutual fund, and ETF analysis.

Education and Business Standards

Investment Professionals and Relationship Managers will have a minimum of a college degree and generally will have additional degrees and/or certifications such as MBA, JD, CPA, CFP or CFA. Client service associates will generally have a college degree.

Education and Business Background

Name: Daniel C. Bunting, CFP

Year of Birth: 1941

Education after High School:

Certified Financial Planner Certification, 1991

Graduate, 1991 – College for Financial Planning

BS, 1973 – George Washington University

Recent Prior Experience:

President, Bunting Capital Management

Memberships:

Financial Planning Association (National), Financial Planning Association of Hampton Roads

Name: Kevin J. Zywna, CFP

Year of Birth: 1967

Education after High School:

Certified Financial Planner Certification, 2001

Graduate, 2000 – College for Financial Planning

MBA, 1994 – Old Dominion University

BBA, 1989 – University of Notre Dame

Recent Prior Experience:

Bunting Capital Management 2007 – Present

Waypoint Advisors 2003 – 2007

Memberships:

Financial Planning Association (National), Financial Planning Association of Hampton Roads
(Director and Board Member)

Other Business Activities

BCM is not actively engaged in businesses other than those mentioned above.

Other Financial Industry Activities or Affiliations

BCM is not registered (nor has an application pending) as a securities broker-dealer, a futures commission merchant, commodity pool operator or commodity trading adviser.

BCM does **not** have arrangements that are material to its advisory business or its clients with a related person who is a:

- ☐ Investment company
- ☐ Other investment adviser
- ☐ Financial planning firm
- ☐ Commodity pool operator, commodity trading adviser or futures commission merchant
- ☐ Banking or thrift institution
- ☐ Accounting firm
- ☐ Law firm
- ☐ Insurance company or agency
- ☐ Pension consultant
- ☐ Real estate broker or dealer
- ☐ Entity that creates or packages limited partnerships

BCM or a related person is not a general partner in any partnership in which clients are solicited to invest.

BCM has entered into contractual agreements with Charles Schwab & Co., Inc. for the purchase of securities on their custodial platforms. This firm was selected primarily because of its high commitment to technology, wide access to a variety of investment products, and favorable prices. BCM will attempt to negotiate favorable commissions and fees from its custodian. BCM may receive discounts on software products as a result of this relationship.

BCM and/or its representatives may be members of and participate in trade organizations in the financial services industry.

Participation or Interest in Client Transactions

BCM or a related person does **not**:

- ☐ Act as principal, buying securities for itself or sells securities it owns to any client
- ☐ Act as broker or agent, conducting securities transactions for compensation for any client
- ☐ Act as broker or agent for any person other than a client, conducting transactions in which client securities are sold or bought from a brokerage customer.
- ☐ Recommend to clients that they buy or sell securities or investment products in which the advisor or a related person has some financial interest.

BCM or a related person **does**:

- ☐ Buy or sell for itself securities that it also recommends to clients. The percentage interest will be minimal and will not materially affect the value of the investment. The principals are required to disclose any securities or other investment product transactions on a quarterly basis.

In contemplating any activity, advisor representatives recognize they have a fiduciary duty to the client and are instructed to put the client's best interest first.

Conditions for Managing Accounts

In general, the minimum account relationship is \$250,000. In some circumstances, accounts may be aggregated for purposes of reaching the minimum and determining the fee breaks. A minimum fee of

\$500 per quarter applies to all accounts. BCM reserves the right to make exceptions to the account minimum and the minimum fee in certain situations.

Review of Accounts

The Relationship Manager serves as the key point of contact and has primary responsibility for investment management. The Relationship Manager reviews each account at least quarterly and attempts to make contact with each client at least annually. Periodic reviews and client contacts are documented. Any changes in the client's particular situation that might affect the investment strategy are noted. The accounts are reviewed for rebalancing, performance results and tax management as appropriate.

The President of BCM will monitor the activities of the Relationship Managers and review account performance for each client on at least a quarterly basis.

BCM provides to clients written quarterly reports communicating asset allocation, account holdings, and portfolio performance. BCM is available to meet with clients quarterly or more often as appropriate or desired.

Investment or Brokerage Discretion

As a discretionary advisor, BCM has the authority to determine in accordance with our clients' portfolio objectives, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker or dealer to be used, and the commission rates paid. BCM may also suggest brokers to clients.

BCM's policy is to engage brokers who BCM believes can provide the best overall execution at favorable commission rates. BCM's fundamental policy is to serve the best interest of the client. BCM attempts to treat all clients fairly and equitably in the selection and execution process.

Brokerage commission rates in the US are not fixed by an authority, but are subject to negotiation. A client may direct Advisor in writing to use a particular broker or dealer to execute all transactions for the client's account. The overall reasonableness of brokerage commissions paid is determined based upon the quality of execution of the services performed and of the research or trading services provided.

Advisor always attempts to achieve best execution for its clients. The best net price is an important factor in brokerage decisions, but other judgmental factors may also enter into this decision. These include: Advisor's knowledge of negotiated commission rates currently available, as well as other transaction costs; the nature of the security being traded; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; execution, clearance, and settlement capabilities and costs; and other information available at the time of execution.

Advisor uses research and trading services furnished by brokers through whom Advisor effects securities transactions relating to general matters with respect to the securities markets, the economy, particular industries, individual issues, and similar topics having broad applications to client's accounts. Advisor uses such services for the benefit of all the Advisor's clients whose securities transactions are not effected by the broker providing such services.

The Advisor recommends that its clients use Charles Schwab & Company, Inc. as its primary broker. The broker offers a low commission structure in combination with excellent service. The services provided by the firms are a factor when recommending that clients use them. Services will ordinarily include monthly and, at least, quarterly account statements to clients. Generally, the main factor considered in recommending Schwab will depend on the investment products and services made available by the broker and which is most suitable for the client given their investment objectives.

Additional Compensation

BCM may be able to negotiate more favorable transaction and other fees as a result of the level of assets under management with a particular custodian. Additionally, BCM may have access to institutional mutual funds and other investment opportunities. BCM may receive discounts on some software products as a result of the level of assets with a particular custodian.

From time to time, investment professionals are invited to educational conferences sponsored by investment companies. The investment companies may subsidize part or all of the cost of attending conferences. However, BCM is under no obligation as a result of these invitations.

Code of Ethics

BCM has adopted a Code of Ethics as mandated under SEC Rule 240A-1. The code sets forth BCM's standards of business conduct, including specifics such as the prohibitions against insider trading, requirements for employee personal securities trading, and confidentiality of client information. All employees receive a copy of the Code and must certify that they have read, understood, and agree to be bound by the Code. A copy of the Code is available, free of charge, on request.