

Item 1. Cover Page

Brochure of

Dunlap Equity Management, LLC

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This brochure provides information about the qualifications and business practices of Dunlap Equity Management, LLC (“DEM”). If you have any questions about the contents of this brochure, please contact us at 415-568-9600. 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.

DEM is a registered investment adviser with the State of California. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about DEM is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This brochure was prepared for DEM registration as an investment adviser with the State of California, Department of Corporations, Securities Regulation Division. It includes the following material changes from its brochure dated March 30, 2012, submitted with its annual updating amendment to the SEC.

Item 14: This item includes an additional disclosure with respect to referral fees.

Item 19: This is a new item added as required for state-registered investment advisers.

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Item 4. Advisory Business

Dunlap Equity Management, LLC (“DEM”) is a California limited liability company that has been in business since 1990. It serves as the general partner of an investment limited partnership and serves as the investment adviser to individually managed accounts. DEM’s manager, controlling owner and portfolio manager is Carter W. Dunlap, Jr. As of March 1, 2012, DEM had total discretionary assets under management of approximately \$34 million. DEM only manages assets on a discretionary basis.

DEM invests principally, but not solely, in equity securities that are traded in public markets and is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the client’s partnership or other account agreement. The partnership that DEM manages also engages in short selling, margin trading and hedging. The investors in the partnership have no opportunity to select or evaluate any fund investments or strategies. DEM selects all partnership investments and strategies.

DEM typically does not tailor its services to the needs of individually managed accounts, but manages each such account according to the strategy agreed upon by the client. DEM’s discretionary authority is limited, however, as described in Item 16.

Item 5. Fees and Compensation

DEM’s compensation is negotiable and varies, but typically charges an annual fee of 1% of assets under management. This amount is payable in quarterly installments on the first day of each calendar quarter based on the net market value of each client’s account on that date. DEM also typically receives from each limited partner in its partnership a performance allocation equal to 15% of net profits (including both realized and unrealized gains and losses) otherwise allocable to such limited partner. Performance allocations and fees are assessed in arrears on a quarterly or annual basis, and are only applied to the portion of profits that exceed the cumulative losses previously allocated to or incurred by clients. DEM complies with Rule 205-3 under the Investment Advisers Act of 1940, to the extent required by applicable law. Performance allocations and fees may create an incentive for DEM to make more risky and speculative investments than it would otherwise make.

From an existing individually managed account, DEM receives an annual management fee of 1.5% payable quarterly based on the net asset value of that account at the end of each quarter. DEM is not offering this fee to new clients.

DEM typically deducts management fees and performance allocations and fees directly from client accounts.

DEM believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in the investment limited partnership that DEM manages, to use the “alternative reporting option” to report DEM’s

compensation as “eligible indirect compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

DEM’s relationship with its investment partnership client is terminable on expiration of the partnership’s term, dissolution of the partnership or on DEM’s withdrawal as general partner. Each limited partner may withdraw, on specified prior written notice, on the last day of any calendar quarter.

The holder of individually managed account may terminate the account by giving written notice.

In all cases, expenses, the pro rata portion of the management fee and the performance allocation or fee through the date of termination are charged to the account. Any prepaid but unearned advisory fees are forfeited to the manager and are not refunded on termination of a client’s account. An investor who withdraws from the partnership on a date other than the last day of a quarter, however, does not receive a refund of the management fee previously paid.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the expenses charged by any fund administrator for its accounting, bookkeeping and other services. DEM bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or part of these costs and expenses may be paid, however, by securities brokerage firms that execute clients’ securities trades, as discussed in Item 12 below.

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

DEM manages accounts that pay performance-based compensation as described in Item 5 and accounts that do not pay performance-based compensation. Typically, an account that does not pay performance-based compensation pays a higher asset-based fee. Regardless, DEM has a conflict of interest if one fee structure would cause higher fees to DEM than the other fee structure, because DEM would have an incentive to favor the account that pays the higher fees. To address this conflict, DEM typically allocates all investment opportunities within each strategy that it uses on a pro rata basis, based on the assets of each account managed using that strategy. In addition, DEM has policies and procedures to review client account investment allocations on a regular basis.

Item 7. Types of Clients

DEM provides investment advice to an investment limited partnership and other accounts, which may include high-net-worth individuals, institutions, trusts, endowments and pension plans. Investors in the partnership are generally required to invest a minimum of \$500,000, but DEM may waive this minimum.

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

Investment Strategy

DEM invests principally, but not solely, in equity securities that are traded in public markets but also may invest in fixed income and derivative instruments. The partnership that DEM manages also engages in short selling, margin trading and hedging. Notwithstanding the foregoing, DEM is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the client's partnership or other account agreement.

As discussed above, DEM provides investment advice and management to an investment limited partnership and individually managed accounts. It pursues two distinct strategies for these two client groups. The investment limited partnership is managed with a combination of investment strategies. It buys securities that DEM believes are undervalued; sells short securities that DEM believes are overvalued and engage in various efforts to hedge the risks involved in these two strategies. Individually managed accounts are managed under one strategy -- buying and investing in securities that DEM believes are undervalued. In the past, these two strategies have generated different investment results. Under different economic or market conditions these two strategies most likely will continue to generate different investment results.

DEM pursues a "bottom-up" approach to evaluating investments that generally involves in-depth financial evaluation, management meetings or industry and competitive analysis. DEM focuses on companies that it believes are:

- growing in intrinsic value;
- ignored, neglected or misunderstood by Wall Street;
- undergoing fundamental, economic or management change;
- in industries that are in transition; and
- newly public.

Portfolio concentration is relatively high because DEM believes that after doing the extensive research required to find prospective investments, capital should be concentrated in the best ideas. DEM generally attempts to fully deploy client capital and control trading and tax costs when possible. DEM typically does not use macroeconomic or market timing strategies and expects that the majority of clients' long assets will be held in longer term investments.

When DEM uncovers overvalued securities that have compelling risk-reward profiles, the partnership sells such securities short. Historically, DEM's investment approach has yielded results with little correlation to short-term, general market returns. Nonetheless, any unhedged portfolio is exposed to losses from general market risks. In an effort to preserve capital and reduce those risks, DEM occasionally pursues limited hedging strategies.

DEM's strategies may involve frequent trading and the turnover of a portfolio can be substantial. DEM may cause the partnership to acquire a position if DEM believes it will contribute to the partnership's objectives, even if the same position has only recently been liquidated, or to sell a position, whether at a gain or a loss and without regard for the length of time it has been held, if DEM believes that the position is not fulfilling its purpose.

The investment strategies summarized above represent DEM's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which DEM may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. DEM may use any trading or investment techniques, whether or not contemplated by the investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, DEM may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that DEM manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or an investor may encounter. Potential investors in the partnership should review its offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to individually managed accounts. A potential client should discuss with DEM's representatives any questions that such person may have before opening an individually managed account.

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual security is not predictable and can adversely affect an account's investments.
- An account may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- DEM may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. DEM also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- DEM may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- DEM sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase. Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. DEM could be subject to

such actions, even if they are baseless, and clients could incur substantial costs defending them.

- DEM may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. DEM is not obligated to hedge a client's portfolio positions, and it frequently may not do so.
- DEM may borrow on margin and trade derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- DEM may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- DEM may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- DEM may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Counterparties such as brokers, dealers and custodians with which DEM does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- DEM may acquire for a client a large position in an issuer's securities but neither DEM nor the client is likely to have any control over the issuer's management. In addition, if DEM holds a large position in an issuer's securities, DEM's subsequent sales of those securities could depress the market for them.
- Some of an account's positions may be or become illiquid, in which case DEM may not be able to sell such positions.
- An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at

prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.

- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a fund has invested may cause significant losses.
- DEM determines the value of securities held in client accounts, whether or not a public market exists for such instruments. If DEM's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in the partnership might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.
- DEM and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached DEM's fiduciary duty to the client or investor.
- There is not and will not be an active market for partnership interests. It may be impossible to transfer any such interests, even in an emergency.
- The partnership may limit or suspend withdrawals of an investor's assets.
- The Partnership may not be able to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force DEM to liquidate investments too rapidly, and may so reduce the size of the partnership that it cannot generate returns or reduce losses.
- The partnership may establish a reserve for contingencies if DEM considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that DEM and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for DEM to find attractive investments as the amount of assets that it must invest increases.
- DEM and its affiliates may spend time on activities that compete with the partnership without accountability to investors, including investing for other clients and their own accounts. If DEM receives better compensation and other benefits from managing other assets or client accounts compared to managing the partnership, it has incentive to allocate more time to those other activities. These factors could influence DEM not to make investments on the partnership's behalf even if such investments would benefit the partnership.
- No client or investor has been represented by separate counsel. The attorneys who represent DEM or its manager do not represent clients or investors. Clients and investors must hire their own counsel for legal advice and representation.

- DEM may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.
- DEM or any government agency may freeze assets that either of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. Neither DEM nor the partnership will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The partnership may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- The partnership does not intend to make distributions, but intends instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from the partnership without a cash distribution to pay the related taxes.
- If the partnership becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that DEM must devote to regulatory compliance, to the detriment of investment activities.
- DEM is not registered with the SEC as a broker-dealer. The equity interests in the partnership are not registered under the Securities Act of 1933, and the partnership is not a registered investment company under the Investment Company Act of 1940. DEM believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, DEM and the partnership could be subject to expensive legal action and potential termination. In addition, investors in the partnership do not have certain regulatory protection that they would have if these registrations were in place.
- DEM's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.
- DEM's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Not applicable.

Item 11. Code of Ethics, Participation or Interest In Client Transactions and Personal Trading

DEM has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for DEM's supervised persons. The Code of Ethics includes general requirements that DEM's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to DEM's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of DEM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of DEM's Code of Ethics by contacting DEM.

Under DEM's Code of Ethics, DEM and its members and employees may personally invest in securities of the same classes as DEM purchases for clients and may own securities of issuers whose securities that DEM subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, DEM and its members and employees must obtain pre-approval before engaging in most securities transactions. DEM and its managers, members and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which DEM does not believe appropriate to buy or sell for clients.

Because DEM manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, DEM selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. DEM may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. DEM may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. DEM is not obligated to acquire for any account any security that DEM or its members or employees may acquire for its or their own accounts or for any other client, if in DEM's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Item 12. Brokerage Practices

DEM has complete discretion in selecting the broker that it uses for client transactions and the commission rates that clients pay such brokers. In selecting a broker for any transaction or series of transactions, DEM may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering to DEM on-line access to computerized data regarding clients' accounts;
- computer trading systems; and
- the availability of stocks to borrow for short trades.

DEM may also purchase from a broker or allow a broker to pay for the following (each a “soft dollar” relationship):

- research reports, services and conferences, including third-party research fees;
- technical data;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges; and
- quotation services.
- proxy voting services;
- computer hardware and software;

DEM may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to DEM.

During DEM's last fiscal year, it acquired the following types of products and services with client brokerage commissions or markups:

- Independent Consultant market analysis, equity research, and portfolio review.
- Market data services and analytical tools (i.e. NYSE Market, Inc., Thompson One).
- Various sector research subscriptions.

DEM may allocate the costs of certain computer equipment and software used for both research and non-research purposes between their research and brokerage uses and non-research uses, and use soft dollars to pay only for the portion that DEM allocates to research uses.

DEM has retained Jefferies & Co., Inc. to serve as the partnership's prime broker and custodian. DEM may replace this firm or appoint one or more additional prime brokers or custodians at any time. The services that Jefferies & Co., Inc. provides may include custody, margin financing, clearing, settlement and stock borrowing. In addition to maintaining custody of most of the partnership's assets, Jefferies & Co., Inc. provides DEM with services such as internet access, IT support, Bloomberg connections, wireless networking, e-mail archiving and disaster recovery systems, capital introduction, portfolio reporting and access to electronic communications networks. DEM expects to use a substantial portion of these services for research and trading on behalf of client accounts, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody, clearance fees and other charges, if DEM did not receive these services from the partnership's prime broker, DEM would be required to pay for all or some portion of them. DEM is not required to direct a particular number of trades to Jefferies & Co., Inc. or to continue to use it as the Partnership's prime broker or custodian, but it has an incentive to do so based on Jefferies & Co., Inc.'s prior and continued services.

To the extent that DEM directs portfolio transactions to Jefferies & Co., Inc, the partnership may be deemed to be paying for the trading, research and administrative services that Jefferies & Co., Inc. provides with "soft" or commission dollars. Any such administrative assistance may not fall within the safe harbor provided by section 28(e).

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If DEM uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

DEM may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. DEM determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or DEM's overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from DEM's brokerage relationships benefit DEM's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct DEM to use a broker that does not provide DEM with soft dollar

services. DEM does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

DEM's relationships with brokers that provide soft dollar services influence its judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. DEM has an incentive to select or recommend a broker based on DEM's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that DEM uses soft dollars to pay expenses it would otherwise be required to pay itself.

DEM addresses these conflicts of interest by annually evaluating the trade execution services that DEM receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. DEM considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding brokers to, or removing them from, the list of approved brokers that it uses, increasing or decreasing targets for each broker and the appropriate level of commission rates.

DEM may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that DEM manages or with accounts of its affiliates. In such event, DEM may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if DEM were not executing similar transactions concurrently for other accounts. DEM may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

DEM may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective clients or investors. Directing brokerage in exchange for client or investor referrals creates a conflict of interest in that DEM has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct transactions. During its last fiscal year, DEM did not direct client transactions to a particular broker or futures commission merchant in return for client referrals.

If a client directs DEM to use a specific broker, DEM has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. DEM is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs DEM to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if DEM had discretion to select broker-dealers other than those that the client chooses.

Item 13. Review of Accounts

DEM provides ongoing, active management of the investment accounts under its supervision. Carter W. Dunlap, Jr., DEM's portfolio manager reviews all accounts daily. Those reviews take

into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. DEM prepares and distributes to clients (a) monthly unaudited statements of account value and investment results and (b) annual unaudited statements of account value and investment results. Limited partners in the partnership receive appropriate tax information and annual audited financial statements of the partnership.

Item 14. Client Referrals and Other Compensation

DEM does not currently but may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client, DEM complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 and DEM takes steps to ensure that solicitors are properly licensed or registered, to the extent required by applicable law.

Item 15. Custody

California law provides that, because DEM is the general partner of an investment limited partnership, it is considered to have “custody” of the partnership’s assets, even though independent custodians (prime brokers) actually hold those assets. That rule generally requires investment advisers that have “custody” of client assets to cause certain account statements detailing holdings and transactions to be sent to clients, and imposes certain other obligations. However, advisers to investment funds like the partnership need not comply with those requirements if the adviser follows safeguarding procedures. DEM follows the safeguarding procedures by, among other things, sending the partnership’s audited annual financial statements to the investors in the partnership within 120 days of its fiscal year end.

DEM generally does not have custody of individually managed accounts. The custodian of each individually managed account sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from DEM.

Item 16. Investment Discretion

DEM has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in the partnership’s agreement or a limited power of attorney in each client’s account agreement. Except for the partnership, such discretion is limited by the requirement that clients advise DEM of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify DEM in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct DEM to sell any securities or take such other lawful actions as the client may

specify to cause the account to comply with the client's investment objectives. In addition, a client may notify DEM at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

Item 17. Voting Client Securities

DEM decides whether to vote proxies on behalf of each account over which DEM has proxy voting authority after considering whether the proposal will have a material effect on the account's investment strategy. This analysis typically leads DEM to not vote proxies unless DEM decides that for other reasons, voting a proxy is in the best interests of a particular account. In determining whether a proposal serves an account's best interests, DEM considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

If a material conflict of interest over proxy voting arises between DEM and a client, DEM will vote all proxies in accordance with the policy described above. If DEM determines that this policy does not adequately address the conflict of interest, it will notify the client of the conflict and request that the client consent to its intended response to the proxy solicitation. If the client consents to DEM's intended response or fails to respond to the notice within a reasonable time specified in the notice, DEM will vote the proxy as described in the notice. If the client objects in writing to DEM's intended response, it will vote the proxy as the client directs.

A client can obtain a copy of DEM's proxy voting policy and a record of votes that it has cast on behalf of that client by contacting DEM.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

DEM is registered as an investment advisor with the State of California, Securities Regulation Division.

A. Education and Business Background of Principal Executive Officers and Management Persons

Name: Carter W. Dunlap
Year of Birth: 1956

Formal education after high school:

- 1980-1982 Harvard University, Boston, Massachusetts; M.B.A. in Finance.
- 1975-1978 University of Southern California, Los Angeles, California; B.A. in Economics and Finance.
- 1974-1975 University of California, Davis, California; No Degree.

Business background for the preceding five years:

2002- Present Dunlap Equity Management, LLC, San Francisco, California, Investment Adviser; Manager and Portfolio Manager.

1989-2009 Dunlap Equity Management, Inc., San Francisco, California, Consultant; President.

B. Other Businesses

DEM is not actively engaged in any business other than giving investment advice.

C. Performance-Based Fees

The discussion of performance-based fees and how such fees are calculated is provided in Item 5 above. Performance-based fees may create an incentive for DEM to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Notwithstanding this potential incentive, DEM will evaluate investments in a manner that it considers to be in the best interest of the clients, given those clients' investment objectives, investment strategies, suitability of the investment, and the clients' risk profile.

In addition, DEM's performance-based fees will be based on unrealized as well as realized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

The management and incentive allocations described in this Brochure are structured to comply with California Code of Regulations Section 260.234.

D. Material Disciplinary Disclosures for Management Persons of DEM

Neither DEM nor its management persons has been involved in any of the events required to be disclosed in this Item.

E. Material Relationships That Management Persons Have With Issuers of Securities

Neither DEM nor its management persons has any other relationship or arrangement with issuers of securities.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which

could be reasonably expected to impair the rendering of unbiased and objective advice.

Privacy Policy

DEM and the investment limited partnership for which it serves as general partner:

- collect non-public personal information about clients and investors from the following sources:
 - information received from clients or investors on applications or other forms, and
 - information about clients' or investors' transactions with DEM, its affiliates or others;
- do not disclose any non-public personal information about clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

**Brochure Supplement of
Dunlap Equity Management, LLC**

**199 Fremont Street
Suite 1110
San Francisco, CA 94105**

415-568-9610

June 19, 2012

This brochure supplement provides information about Carter W. Dunlap, and supplements the brochure of Dunlap Equity Management, LLC (“DEM”). You should have received a copy of that brochure. Please contact DEM at the telephone number above if you did not receive the brochure or if you have any questions about the contents of this supplement.

Item 2 Educational Background and Experience

Name: Carter W. Dunlap

Year of Birth: 1956

Formal education after high school:

1980-1982 Harvard University, Boston, Massachusetts; M.B.A. in Finance.

1975-1978 University of Southern California, Los Angeles, California; B.A. in Economics and Finance.

1974-1975 University of California, Davis, California; No Degree.

Business background for the preceding five years:

2002- Present Dunlap Equity Management, LLC, San Francisco, California, Investment Adviser; Manager and Portfolio Manager.

1989-2009 Dunlap Equity Management, Inc., San Francisco, California, Consultant; President.

Item 3 Disciplinary Information

Not applicable.

Item 4 Other Business Activities

Not applicable.

Item 5 Additional Compensation

Not applicable.

Item 6 Supervision

Mr. Dunlap, DEM's controlling member and manager, is DEM's only supervised person. At his direction, DEM has implemented a Statement of Policies and Procedures, including a Code of Ethics, which governs Mr. Dunlap's activities, including the investment advice that he provides to clients.

Item 7 Requirements for State-Registered Investment Advisers

Mr. Dunlap has not been involved in any of the events required to be disclosed in this Item. He has not been found liable in any of the enumerated arbitration claims, civil litigation proceedings, or administrative proceedings. Additionally, Mr. Dunlap has not been the subject of a bankruptcy petition.