



Item 1 - COVER PAGE

FORM ADV PART 2A* SEC-Required Brochure

May 2012

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*This brochure provides information about the qualifications and business practices of Thirsty Horses Group, Inc. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, David L. Gantsweg, at telephone 415.464.0800. The information in this brochure has not been approved or verified by the State of California or by any other federal or state authority.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

The use of the term "registered investment adviser" and description of Thirsty Horses Group, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. Additional information about Thirsty Horses Group, Inc. is available at www.advisorinfo.sec.gov.

Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A

This updated Form ADV Part 2A contains the following changes from the prior version:

- Routine revisions and updates to formatting.
- Non-material edits to the existing descriptions of prior disclosures.
- Updated assets under management information at Item 4.
- Updated financial and regulatory disclosures at Item 19.

Item 3 - TABLE OF CONTENTS

| | |
|--|----|
| ITEM 1 - COVER PAGE..... | 1 |
| ITEM 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A | 2 |
| ITEM 3 - TABLE OF CONTENTS | 3 |
| ITEM 4 - ADVISORY BUSINESS | 4 |
| ITEM 5 - FEES AND COMPENSATION | 7 |
| ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT | 9 |
| ITEM 7 - TYPES OF CLIENTS..... | 9 |
| ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS | 9 |
| ITEM 9 - DISCIPLINARY INFORMATION | 12 |
| ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS | 12 |
| ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING | 12 |
| ITEM 12 - BROKERAGE PRACTICES | 13 |
| ITEM 13 - REVIEW OF ACCOUNTS | 16 |
| ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION | 16 |
| ITEM 15 - CUSTODY | 17 |
| ITEM 16 - INVESTMENT DISCRETION | 17 |
| ITEM 17 - VOTING CLIENT SECURITIES | 18 |
| ITEM 18 - FINANCIAL INFORMATION | 18 |
| ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISORS | 18 |

Item 4 - ADVISORY BUSINESS

Item 4A

IA Registration Status - Since 2007
Registered with State of California on _____¹;
Registered with the SEC on January 25, 2007
Principal Owner - David L. Gantsweg

Item 4B

INVESTMENT MANAGEMENT SERVICES

Thirsty Horses Group, Inc. (“Thirsty Horses” or sometimes the “Firm” or “Advisor”) is an independent investment advisor providing comprehensive investment management, financial planning and financial consulting services. Our investment management services include, among others, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments.

Item 4C

For our investment management clients, the Firm’s portfolio managers and planners consult with each client to design an individualized investment plan based on a number of factors including the client’s financial condition, investment goals and objectives, risk tolerances, asset class preferences, time horizons, liquidity needs and other factors. Our portfolio managers and planners help each of the Firm’s clients identify a strategic asset allocation that is consistent with the client’s investment objectives and other client criteria.

Thirsty Horses has established a minimum account size requirement of \$1,000,000. Multiple accounts for the same client may be aggregated to reach this threshold. At the Firm’s sole discretion, it may accept clients with smaller portfolios where it determines that the smaller portfolio size will not cause a substantial increase of investment risk beyond the client’s identified risk tolerance. Other factors considered in a decision to waive the minimum account size are the anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc. of the account.

Item 4B, cont.

A client may make additions to and withdrawals from the client’s custodial account at any time, subject to the Firm’s right to terminate an account if the amount of assets drops below our account size minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement

¹ “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply a certain level of skill or training or that the State of California or any other regulator guarantees the quality of our services or recommends them.

procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of the client's investment objectives.

Additions to an account may be in cash or securities provided that our portfolio managers may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

FINANCIAL PLANNING AND FINANCIAL CONSULTING SERVICES

Thirsty Horses provides comprehensive financial planning services on either an hourly fee or fixed fee basis. Thirsty Horses' financial planning services may include a financial review and analysis of some or all of the following areas:

- Determining Financial Goals And Objectives
- Asset Allocation Review
- Retirement Plan Analysis
- Employee Stock Option Analysis
- Current Portfolio Review
- Education Funding Analysis
- Cost Audit of Current Investments
- Cash Flow Management Review
- Review of Insurance Needs
- Mortgage and Refinance Evaluation
- Estate Plan Review or Development
- Charitable (or social capital) Planning
- Opinion on Current Investment Strategy/Advisors
- Other financial or investment analysis

The Firm's professionals also accept limited financial consulting engagements to conduct any of the listed reviews or analyses on an hourly fee basis.

Unless provided in connection with the investment management services described above, clients engaging Thirsty Horses to provide financial planning or consulting services will generally be required to enter into a separate written agreement with Thirsty Horses setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. Financial planning and consultation clients are not required to be investment management clients of the Firm.

In performing its services, Thirsty Horses is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information as provided. The

Firm may recommend its own investment management or financial planning services or those of other professionals to implement investment recommendations. Clients are advised that a conflict of interest exists if the Firm recommends its own services. The client is under no obligation to act upon any of the recommendations made by Thirsty Horses under a financial planning / consulting engagement and/or to engage the services of any recommended professional, including Thirsty Horses itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations.

General Notice

In performing its services, Thirsty Horses relies upon the information received from its client or from the client's other professional advisors, and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

Item 4D

The Firm does not sponsor nor does it provide portfolio management services to wrap fee programs offered by broker-dealers or others.

Item 4E

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2011

Discretionary Assets - \$41,221,669

Non-discretionary Assets - \$0

Item 4B, cont.

TERMINATION OF AGREEMENT

Clients may terminate their investment management agreement at any time upon written notice to the Firm. Any prepaid fees owed to the client will be refunded on a pro rata basis determined on the amount of time expired in the calendar quarter.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

Item 5 - FEES AND COMPENSATION

INVESTMENT MANAGEMENT FEES

Our annual investment management fee is prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. The management fee is based upon the following fee schedule:

| Value of Account Assets | Annual Fee Rate |
|--------------------------------|-----------------|
| Up to 1 million dollars | 1.25% plus |
| For the next 2 million dollars | .75% plus |
| For the next 2 million dollars | .55% plus |
| For the next 5 million dollars | .45% plus |
| Above 10 million dollars | Negotiable |

The client's fee is determined in accordance with the above fee structure, with exceptions negotiated on a case-by-case basis at Thirsty Horses' discretion. Any deviations from the fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

We assess a minimum annual investment management fee of \$15,000 for each client. Under certain circumstances, based upon the nature of the client's account and the services requested, we may modify or waive the minimum annual fee.

Clients typically authorize the custodian of their account(s) to debit the client's account for the amount of Thirsty Horses' investment management fee and to directly remit that management fee to the Firm. The client's custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Thirsty Horses. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated. Clients must discuss any discrepancy in fees with Thirsty Horses within 30-days of the billing date.

FINANCIAL PLANNING AND CONSULTING SERVICES FEES

Thirsty Horses charges a fixed fee and/or an hourly fee for financial planning and consulting services. The fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis and/or from \$150 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services.

Generally, the Firm requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance

is generally due upon delivery of the financial plan or completion of the agreed upon services.

GENERAL FEE DISCLOSURES

Thirsty Horses receives no commissions on investment products purchased or sold for client accounts and does not pay or accept referral fees.

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Thirsty Horses. As a result of its minimum account and fee requirements, Thirsty Horses' services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisers may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

Thirsty Horses does not provide clients advice as to the tax deductibility of its advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

FUND DISCLOSURES

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by Thirsty Horses, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and

expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Thirsty Horses. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT

Thirsty Horses does not charge an additional performance fee based upon a percentage of the capital gains realized in client accounts. Thirst Horses does not manage any client accounts where a performance fee is charged.

Item 7 - TYPES OF CLIENTS

Our clients include individuals and their trusts and estates, pension and profit sharing plans and charitable organizations.

We have established a \$1,000,000 minimum value of assets for opening an individual client account, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances. As a result of the minimum account requirement, our services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Thirsty Horses' portfolio managers employ charting, fundamental and technical methodologies in their securities analyses. They rely both on qualitative and quantitative research techniques to choose the most promising investments for our clients. The Firm relies on leading industry research to inform the Firm's investment strategy and utilize a variety of financial and economic sources to study various asset classes including third party academic research materials, financial newspapers and

magazines, corporate rating services, and corporate annual reports, press releases, prospectuses and regulatory filings.

INVESTMENT STRATEGY

Thirsty Horses' investment strategy primarily utilizes the following asset classes:

- Domestic and Foreign individual stocks, stock indexes (ETF's) and stock mutual funds, both closed and open end
- Domestic and Foreign individual bonds, bond indexes, and bond mutual funds, both closed and open end
- REIT (real estate investment trust) traded on the open exchanges
- IPO's(initial public offerings)

The objective of the Firm's strategy is to achieve balanced asset management, utilizing a diversified group of asset classes to attain better than average returns over time with less risk than standard market indexes. In general, the Firm's strategy is to manage client portfolios in an institutional manner but with personalization at the client level. All accounts are managed individually based upon each client's level of acceptable risk and subjective needs, creating a portfolio designed to attain their personal goals. We generally hold long-only positions but will, on occasion utilize short-selling and options to offset downside risk in the market when it is necessary and suitable for client accounts. Purchases and sales of any and all asset classes may be utilized in a short-term trading manner, as deemed necessary by the portfolio manager, depending upon market trends. Such trading is generally done in tax deferred accounts to minimize adverse tax ramifications.

INITIAL PUBLIC OFFERINGS ("IPOs")

While not a substantial part of its investment style, Thirsty Horses does from time to time invest in initial public offerings ("IPO") on behalf of client accounts for which such investments are suitable. Some client accounts do not participate in IPOs at all or do not participate in certain volatile IPOs, either due to client instructions, risk tolerance, financial condition or investment objectives. When client accounts are determined to be eligible to participate in a purchase of an IPO, and there is an insufficient amount of shares of the IPO for all accounts eligible to participate in the trade, Thirsty Horses uses a random generator to select participating accounts so that all eligible accounts are selected from fairly.

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments

and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases - on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Bond Pricing - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

Inflation - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

Price Fluctuation - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

Reinvestment of Dividends - An investor can choose to reinvest interest, dividends and capital gains to accumulate wealth. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate than was initially earned.

Mutual Funds with Foreign Asset Holdings - Any investments in mutual funds that make foreign investments are subject to the uncertainty with changes in the foreign currency value. The client will bear more risk and may earn a substantially higher return or a substantially lower return.

Short Sale Trading - Short Sale Trading, or "shorting" involves a great amount of risk and is not advocated by the Firm, nor is it a part of its investment strategy. On occasion we may utilize short-selling to offset downside risk in the market when it is necessary and suitable for a given client account and may use it as directed by client to achieve specific goals.

Margin Trading - Thirsty Horses does not advocate leverage as a part of its investment strategy. In rare cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. The client's custodian may require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by the custodian. Consequently, all margin decisions are left to the client.

Option Trading - Certain Thirsty Horses clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

IPOs - Are generally investments in companies with limited operational histories and non-existent or weak earnings and are highly subject to market sentiment. Shares purchased through an IPO can often trade down immediately from their offer price or can be subject to wild fluctuations in performance at certain time periods after their entry to the public markets and, as such, carry increased risks of investment loss.

Item 9 - DISCIPLINARY INFORMATION

Thirsty Horses has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Thirsty Horses is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. We recommend that our clients custody their investment accounts at Fidelity Investments and its affiliates (collectively referred to as "Fidelity"). Fidelity is a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Although we recommend Fidelity, we have no other affiliation with Fidelity, do not supervise its brokerage activities and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Firm and persons associated with the Firm are permitted to buy or sell securities that it also recommends to clients consistent with the Firm's policies and procedures.

The Firm has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). Our Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The Code of Ethics also requires that Firm personnel report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact the Firm to request a copy of its Code of Ethics.

Unless specifically approved by the Firm’s Chief Compliance Officer, none of the Firm’s employees or their family or household members (i.e., spouse, minor children, and other adult family members) may engage in any transactions related to a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Firm’s clients.

When the Firm is purchasing or considering for purchase any security on behalf of a client, no employee may effect a transaction in that security prior to the completion of the purchase on behalf of Firm clients or until a decision has been made not to purchase such security for clients. Similarly, when the Firm is selling or considering the sale of any security on behalf of a client, no employee may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Item 12 - BROKERAGE PRACTICES

RECOMMENDATION OF FIDELITY AS CUSTODIAN AND EXECUTING BROKER

The Firm shall generally recommend that clients utilize the brokerage and clearing services of Fidelity for investment management accounts.

Factors which the Firm considers in recommending Fidelity or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other broker-dealers.

DIRECTED BROKERAGE

In a limited number of cases, clients may direct Thirsty Horses to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, Thirsty Horses is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed Thirsty Horses to trade through a specific broker. In addition, the client may be unable to

obtain the most favorable price on transactions executed by Thirsty Horses as a result of Thirsty Horses' inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, Thirsty Horses may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs Thirsty Horses to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

BEST EXECUTION POLICY:

The commissions paid by the Firm's clients shall comply with the Firm's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Firm determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests the Firm to arrange for the execution of securities brokerage transactions for the client's account, the Firm shall direct such transactions through broker-dealers that the Firm reasonably believes will provide best execution. The Firm shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

Thirsty Horses is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as "soft dollar" services and research, from that broker or allows the broker to pay for such research or services on its behalf. "Soft dollars" refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services may include among others, economic and market information, portfolio strategy advice, proxy voting services,

industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although Thirsty Horses does not formally participate in soft dollar arrangements, it may receive certain services and research from Fidelity by virtue of having its clients custody their assets with Fidelity. In such cases, it is the Firm's policy is to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that provide assistance to Thirsty Horses in the performance of its investment decision-making responsibilities are permitted.

Thirsty Horses may, on occasion, be the recipient of unsolicited discounts on software and other services. The discounts are generally offered to all firms who fit a common profile and Thirsty Horses is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. Thirsty Horses routinely reviews the amount and nature of the research products and services provided by brokers.

AGGREGATION OF TRADES AND POTENTIAL CONFLICTS

Thirsty Horses may combine transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Thirsty Horses and/or its associated persons may participate in such aggregated orders.

While Thirsty Horses believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Thirsty Horses or its associated persons may not, under certain laws and regulations, be combined with those of some of Thirsty Horses' other clients. In such cases, neither Thirsty Horses nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed

to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

Item 13 - REVIEW OF ACCOUNTS

For those clients to whom the Firm provides investment management services, the Firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Principal of the Firm, David L. Gantsweg or an investment adviser representative under his supervision. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. The Firm shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Thirsty Horses does not pay referral fees to any third party firms or individuals for recommending the Firm to prospective clients, nor is the Firm or its employees paid referral fees by any third party for referring clients to their businesses. We do not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

Thirsty Horses employees are not paid "sales awards" or other prizes for referring clients to the Firm.

Item 15 - CUSTODY

Thirsty Horses does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a “qualified custodian,” namely a broker dealer, bank or trust company. Thirsty Horses is unable to take even temporary possession of client assets for the purpose of transferring them to the client’s account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to unilaterally make any other withdrawals or to transfer money out of the account to a third party.

Fidelity obligates itself to send account statements directly to the client (or to an independent third party representative designated by the client), no less than quarterly, showing all funds and securities held, their current value and all transactions executed in the client’s account, including the payment to Thirsty Horses of its investment management fees.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from Fidelity or other broker-dealer or custodian for the client accounts. Those clients to whom the Firm provides investment advisory services will also receive a report from us that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

Those clients to whom the Firm provides financial planning and/or consulting services will receive follow-up reports from the Firm summarizing its analysis and conclusions only as requested by the client or as otherwise agreed to in writing by the Firm.

Item 16 - INVESTMENT DISCRETION

Clients appoint us as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts at Fidelity. Subject to the Firm’s investment strategy and the client’s investment objectives, our portfolio managers are given full discretion to determine:

- Which securities to buy;
- Which securities to sell;
- The amount of securities to buy or sell; and
- Which broker to use to execute each transaction.

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client.

Except in the case of directed brokerage instructions, client securities transactions generally are executed through Fidelity to avoid “trade away” fees for trades that are executed at other broker-dealers. In some cases, a particular security may be not be available through Fidelity or available only under execution parameters or at an overall cost that makes the use of an alternative executing broker more advantageous for that transaction. In such cases, the portfolio managers have the discretion to select the broker to execute the trade.

The Firm may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer sponsored retirement plans. In so doing, the Firm either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client’s retirement plan.

Item 17 - VOTING CLIENT SECURITIES

It is Registrant’s policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in clients’ account. All such solicitations can be forwarded by the client custodian to client for voting upon client request. Any client wishing to review Registrant’s proxy voting policies in full may request a copy from the firm at his or her convenience.

Item 18 - FINANCIAL INFORMATION

Thirsty Horses does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm’s finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.

Item 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISORS

Please refer to the Firm’s Form ADV Part 2B Supplement for the formal education and business backgrounds of its principal, David L. Gantsweg.

Thirsty Horses is not involved in any other business activities.

Thirsty Horses does not accept performance based investment management fees.

Mr. Gantsweg has not been involved in, been held liable for or been subjected to an award or judgment for any arbitration, civil action, self-regulatory organization proceeding or administrative proceeding involving an investment related business or activity, fraud, false statement or omission, theft, embezzlement or wrongful taking of property, bribery, forgery, counterfeiting, extortion, dishonest, unfair or unethical practices.

All material conflicts of interest under California Corporations Code Section 260.238 (k) regarding the Firm and its employees which might influence the rendering of unbiased and objective advice are disclosed in this brochure.