

Item 1: Cover Page

Rothschild Capital Management, LLC
Brochure

Part 2A of Form ADV
April 16, 2012
INTERIM AMENDING UPDATE

This brochure provides information about the qualifications and business practices of Rothschild Capital Management, LLC. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. If you have any questions about the contents of this Brochure, please contact us at the telephone number listed below.

Rothschild Capital Management, LLC is an SEC registered investment adviser; such registration, however, does not imply a certain level of skill or training.

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Additional information about Rothschild Capital Management, LLC is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

Since our initial Form ADV Part 2A filing, on March 31, 2011, the following material changes have occurred:

- In May 2011, RT Capital Management, LLC (“RTCM”), an affiliate of Rothschild Capital Management, LLC (“RCM” or the “Company”) hired Leonard D. Rodman as Principal. Mr. Rodman coordinates with David D. Rothschild, Stanford Z. Rothschild and Jason B. Wood on investment decisions made for RCM. In addition to serving on the Investment Committee of RCM, Mr. Rodman will assist in the day-to-day operations and compliance processes for RCM, and will principally work out of our Baltimore office.
- In May 2011, Marcia Glover’s consulting contract expired. Mrs. Glover had been retained in our Baltimore office on an interim consulting basis to assist in RCM operations, compliance and trading.
- In December 2011, RTCM, an affiliate of RCM, hired Archie C. Smith as Managing Director. Mr. Smith also coordinates with David D. Rothschild, Stanford Z. Rothschild, Jason B. Wood and Leonard D. Rodman on investment decisions for RCM. Mr. Smith is principally based in Minneapolis, Minnesota.
- In December 2011, RTCM, an affiliate of RCM, moved its principal office location in New York. The new offices are located at 477 Madison Avenue, 6th Floor, New York, NY 10022. The new primary phone number is (212) 931-5303, and the fax number is (646) 607-5920
- RCM is now using an outsourced trading provider for the majority of its client trades.
- RCM uses the services of Institutional Shareholder Services, Inc. in connection with its proxy voting.
- This brochure reflects that RCM has custody of its clients assets and complies with the custody rule in respect thereof.

We are discussing in this Item 2 only those material changes that have occurred since the initial filing of the brochure on March 31, 2011. Our brochure may be requested, free of charge at any time, by contacting Jean Dellman at (410) 339-6990 or jdellman@rothcap.com or by contacting us via our website at www.rothcap.com. You can also locate information about RCM on www.adviserinfo.sec.gov.

Item 3: Table of Contents

Item 1: Cover Page	Page 1
Item 2: Material Changes	Page 2
Item 3: Table of Contents	Page 4
Item 4: Advisory Business	Page 5
Item 5: Fees and Compensation	Page 5
Item 6: Performance Based Fees and Side-by-Side Management	Page 6
Item 7: Types of Clients	Page 7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9: Disciplinary Information	Page 11
Item 10: Other Financial Industry Activities and Affiliations	Page 12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 13
Item 12: Brokerage Practices	Page 15
Item 13: Review of Accounts	Page 17
Item 14: Client Referrals and Other Compensation	Page 19
Item 15: Custody	Page 19
Item 16: Investment Discretion	Page 19
Item 17: Voting Client Securities	Page 20
Item 18: Financial Information	Page 22

Item 4: Advisory Business

The Company is a Maryland limited liability company that was formed in 1999. The Company is an investment manager that manages and invests its clients' capital, pursuant to an investment management agreement entered into by RCM and each client. Stanford Z.

Rothschild is the Chairman of RCM and is primarily responsible for the Company's investment decisions along with the other members of RCM's Investment Committee: David D. Rothschild, Jason B. Wood, Archie C. Smith and Leonard D. Rodman. The Company's principal owners are Stanford Z. Rothschild and David D. Rothschild.

RCM offers discretionary portfolio management services to high net worth individuals, charitable organizations and trusts. RCM provides its services through separately managed accounts, for an asset-based management fee (as described fully in Item 5).

The Company's investment advisory services are tailored to the individual needs of each client and clients may impose restrictions on investing in certain securities or types of securities.

Please see Item 8 for a discussion of the Company's Methods of Analysis and Investment Strategies.

Assets Under Management – As of February 29, 2012 RCM had \$164.4 million in regulatory assets under management all of which it manages on a discretionary basis.

Item 5: Fees and Compensation

Management Fee. RCM charges only an asset-based fee (the "Management Fee") to its clients pursuant to an agreed upon schedule per each investment management agreement. Typically, the Management Fee is equal to approximately an annual rate of seven-eighths of a percent (0.875%) of the net asset value of a client's account. RCM reserves the right to discount from the foregoing fee schedule, including by offering an alternative fee schedule for charitable organizations and large accounts in an amount equal to an annual rate of 0.5% of the net asset value of a client's account.

The Management Fee will be calculated and paid quarterly, in advance, in an amount equal to one quarter of the appropriate fee level of the net asset value of the account at the beginning of the first month of each quarter. RCM employees verify and balance client statements between the clients' custodial statements and RCM's portfolio accounting system, APL/Checkfree, to determine the net asset value of the account. Fees will not be collected on assets actively managed by outside managers.

Payment of the Management Fee is due within ten (10) days of billing. For new accounts, the Management Fee will be prorated based upon the actual period of assets entering the custodial banks domain. RCM may, in its sole discretion, waive all or part of the Management Fee with respect to any account.

A client has the right upon thirty (30) days' prior written notice to RCM to make a partial or total withdrawal from its Custodial Account (resulting in a termination with respect to all or part of the account). A client will also be entitled to a prorated rebate of pre-paid Management Fees for such partial periods. If a portion of a withdrawing client's capital consists of a Private Equity Investment or a Liquid Private Equity Investment, RCM, in its sole discretion, (i) may choose not to distribute such Investment(s) to a client until such investment(s) are liquidated from the Client's portfolio and, (ii) may hold the withdrawing client's assets attributable to such investment(s) in a liquidating trust. RCM will continue to earn fees with regards to such investments.

RCM has the right to terminate the investment advisory agreement with a client upon 30 days written notice to the client, in which case the client will similarly be entitled to a prorated rebate of pre-paid Management Fees for such partial periods.

The qualified custodian of each account (and not RCM) deducts the Management Fees from the account on a quarterly basis, via direct debit.

Other Expenses. Clients also pay for all expenses in connection with the establishment, maintenance and operations of their account, including custodian fees and trading related expenses relating to the investment of the assets of the account including without limitation, all brokerage commissions and other trading costs and fees. Please see Item 12 for a discussion of RCM's brokerage practices.

Item 6: Performance-Based Fees and Side-by-Side Management

RCM does not charge performance-based fees.

Item 7: Types of Clients

RCM currently provides investment management services in managed account arrangements primarily to:

- High net worth individuals
- Trusts, estates and charitable institutions

Although there is no stated minimum investment threshold for a client, account clients must meet certain sophistication requirements.

We may, at our discretion, also provide services to other types of clients including, but not limited to, banks and thrift institutions, investment companies, pension and profit-sharing plans, and corporations.

Members of the RCM Investment Committee (and not RCM itself), including David D. Rothschild, Jason B. Wood, Archie C. Smith and Leonard D. Rodman, also provide services through employment with RTCM (as defined in Item 2), to RTCM's clients, namely Rothschild Capital Partners, L.P. and Rothschild Technology Partners, L.P. (together, the "Funds") and their salaries for the services to RCM and RTCM are paid by RTCM. RTCM, in turn, receives a portion of RCM's management fee for the services of its employees as mentioned herein.

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

General Principles

The primary sources of information RCM uses include:

- Annual and quarterly reports, prospectuses and other filings with the SEC
- Issuer press releases
- Financial periodicals (print and online)
- Industry-focused websites and print periodicals
- Inspections of corporate activities
- Primary due diligence interviews with corporate investor relations and senior management
- Research materials prepared by third parties

Investment strategies used to implement investment advice given to clients include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities held less than a year)
- Option writing, primarily covered calls or uncovered puts
- Option buying, primarily covered puts or uncovered calls
- Listed and OTC equities (buying and selling)
- Corporate fixed income (convertible note and long bond) purchases
- Government issued fixed income (foreign and domestic denominated)
- Commodities (principally in the form of ETFs with exposure to underlying commodity)
- Leveraged ETFs

Investment Philosophy

We are focused on the long term. The global economy is changing in ways that present both opportunity and risk. On behalf of our clients, we participate strategically in these changes in ways that seek to protect purchasing power and generate tax-efficient appreciation. Although the markets can be focused on short-term trends and events, (often creating great volatility), we have the patience and the fortitude to invest with a long-term perspective.

We are fundamental investors. We invest only in what we understand from the ground up. While we are mindful of macroeconomic and technical factors, our primary goal is to invest in specific businesses, sectors and commodities. Our portfolio discipline is to evaluate each investment with explicit factors before it reaches our Investment Committee.

Our objective is to protect and grow our clients' net worth with a portfolio primarily comprised of:

- **Franchise Companies** – Businesses that have proven results in delivering sustainable returns by leveraging intellectual property, distribution channels, resources, or people. We seek to ensure that their management teams have credible track records and have demonstrated that their interests are aligned with outside shareholders.
- **Innovators** – Those businesses RCM believes can generate significant appreciation by enabling new ways of doing business or new solutions to commercial, industrial or medical challenges. Here, we seek to leverage our domain expertise and relationships in technology and life sciences. As excited as we are to invest in these companies, we don't think it is incumbent on our clients to be the first in. Or the second. If a company can

truly change the landscape, we believe most of the investment appreciation occurs after the product or service has passed the hurdles of initial development and customer delivery.

- **Protective Mechanisms** – Part of our investment approach is a variety of instruments including equity and index options and exchange traded funds (ETFs) in an effort to mitigate excess declines. Additionally, we will frequently maintain for our clients large cash and precious metals positions as well as a selection of investment grade, short duration bonds.

Investment Related Risks

Risk of Loss. All investments in securities involve the risk of loss, including the loss of principal, a reduction in earnings and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk and general economic risk. Although we manage client assets in a manner consistent with stated risk tolerances, there can be no guarantee that our efforts will be successful. Our clients should be prepared to bear the risk of loss.

Securities Exchange. Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Company to liquidate positions and, accordingly, could expose the clients to losses. Similarly, client's assets may not be sufficiently liquid to fund withdrawals from the account by the client.

Short Sales. The Company may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Company may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale, less the amount of any dividend obligations incurred; interest paid pending the return of the securities to the lender and premiums paid, if any, to the lender. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the account's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes

the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Bonds and Other Fixed Income Securities. The Company may invest client assets in bonds and other fixed income securities and may take short positions in these securities. The accounts will invest in these securities when the Company determines they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Fixed income securities may decline in value because of an increase in interest rates; an account with a longer average portfolio duration will be more sensitive to changes in interest rates than an account with a shorter average portfolio duration. In addition, the accounts could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

The Company may invest client assets in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes

in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities. High yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) are subject to greater levels of credit and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer’s continuing ability to make principal and interest payments.

Compounding Risk. Clients may invest in leveraged ETFs. As a result of mathematical compounding and because particular ETFs may have a single day investment objective, the ETF’s performance for periods greater than a single day is likely to be either greater than or less than the Index performance times the stated multiple in the ETF objective, before accounting for fees and ETF expenses. Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher volatility, compounding will cause longer term results to vary from the stated multiple in the ETF objective (e.g. 2x) of the return of the Index. This effect becomes more pronounced as volatility increases. ETF performance for periods greater than a single day can be estimated given any set of assumptions for the following factors: a) Index performance; b) Index volatility; c) period of time; d) financing rates associated with inverse exposure; e) other Fund expenses; and j) dividends or interest paid with respect to securities in the Index.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks attendant to the Company’s investment program for its clients. Prospective clients are encouraged to seek the advice of independent legal counsel in evaluating the risks of entering into a managed account arrangement with the Company. In addition, as the Company’s investment program develops and changes over time, the strategy may be subject to additional and different risks.

Item 9: Disciplinary History

We are required to disclose any legal or disciplinary events that would be material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management. Neither RCM nor its management persons (i.e., anyone with the power to exercise, directly or indirectly, a controlling influence over the Company’s management or policies, or to determine the general investment advice given to the clients of the Company) have ever been the subject of any such legal or disciplinary event.

Item 10: Other Financial Industry Activities and Affiliations

Neither RCM nor any of its management persons (as defined in Item 9) is currently registered, nor do such persons have an application pending registration, as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator or a commodity trading adviser or an associated person of the foregoing.

Investment Committee members of RCM are employed by RTCM (as defined in Item 2), an affiliate of RCM. As employees of RTCM, the members of the investment committee make investment decisions for RTCM which advises the Funds. RTCM charges a management fee and performance fee (subject to a high water mark) to the Funds. Rothschild Capital Partners, LLC, also an affiliate of RCM, serves as the general partner of the Rothschild Capital Partners, L.P. (one of the Funds managed by RTCM). RT GP, LLC, also an affiliate of RCM, serves as the general partner of the Rothschild Technology Partners, LP, (one of the Funds managed by RTCM). The Investment Committee uses a similar philosophy, approach and strategy in managing both Rothschild Capital Partners, L.P. and the RCM managed account clients. As a result of their other activities, the members of the investment committee may have conflicts of interest in allocating time, services and functions among the managed account clients of RCM and the Funds managed by RTCM.

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

Code of Ethics

We have adopted a Code of Ethics (“Code”) to address the securities-related conduct of our employees and representatives. RCM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All employees of RCM and any other person who provides advice on behalf of RCM are required to adhere to the Code of Ethics.

Our Code outlines, in detail, the standards of conduct expected by our employees and includes guidelines and limitations on personal trading, giving and accepting gifts, serving as a director for external organizations, and engaging in outside business activities. Without exception, our employees are prohibited from using inside information to trade in personal accounts or on behalf of our clients.

All employees are furnished with the firm’s Code of Ethics annually, and must sign and acknowledge receipt of, and compliance with, the document. Employees are required to report any violation of the Code immediately to our Chief Compliance Officer – David D. Rothschild.

A copy of our full Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Jean Dellman (jdellman@rothcap.com), or by calling us at (410) 339-6990.

Personal Trading

All RCM employees are required to furnish personal securities transaction and holdings reports for all employee accounts and employee related accounts as follows: (i) initial holdings reports must be provided within ten (10) days of becoming an employee and annual holdings report must be provided at least every twelve (12) months and (ii) quarterly transaction reports (or brokerage statements/trade confirmations in lieu thereof) must be provided to the Chief Compliance Officer no later than 30 days following the end of the calendar quarter.

The Company maintains a Restricted List that includes, among other things, the names of issuers whose securities are currently held in client accounts and/or are being considered for purchase. The Restricted List may, at times, also include the names of issuers whose securities are subject to a complete ban on sales or purchases because the Company has knowledge of material non-public information regarding the issuer. Under these circumstances the securities of such an issuer will be designated as a “Completely Restricted” securities and neither

employees nor the Company will be permitted to purchase, sell or take any position in the relevant securities until the issuer's name is removed from the Restricted List or the issuer is no longer designated as Completely Restricted.

Employees wishing to transact in securities on the Restricted List but NOT listed as Completely Restricted, must complete and submit a request for prior approval to the Chief Compliance Officer. The Chief Compliance Officer will review the request and make sure the intended transaction is not a violation of the Company's policies, and does not conflict with the best interests of the clients. Any pre-approval is good for no longer than five business days; at which point an unfulfilled transaction must be re-submitted if the employee wishes to maintain the option to execute. In addition, employees must obtain prior written approval from the Chief Compliance Officer before investing in initial public offerings ("IPOs") or limited offerings (i.e., private placements).

All employees are responsible for knowing the contents of the Restricted List prior to effecting or soliciting a transaction in a security. Any employee who consults the Restricted List is prohibited from disclosing the securities listed and the privately placed investment vehicles listed in the Restricted List to non-employees of the Company. **The Chief Compliance Officer reserves the right to reject any trade by an employee deemed not in the best of interests of the Company or its clients.**

Potential Conflicts of Interest

Subject to the approval of the Chief Compliance Officer, employees may from time to time have an interest, direct or indirect, in a security (or related securities), of which the purchase or sale by a client is being evaluated or is recommended, or which in fact is purchased or sold by or otherwise traded for a client. To the extent an employee invests in a security that is held by or recommended to a client, a conflict of interest arises as the reason for making such recommendation to a client could be to benefit the related person (i.e. by increasing (or decreasing, as the case may be) the value of the security) rather than it being in the best interest of the client. Policies and procedures are in place to ensure that clients' interests are not disadvantaged by a trade made by a related person and that a related person does not benefit personally from trades undertaken for clients. In particular, RCM manages this conflict by having its Chief Compliance Officer pre-approve all securities transactions by employees in securities on the Restricted List (which include securities held by or being evaluated for clients) and having its Chief Compliance Officer review the personal securities transaction and holdings reports of employees to ensure that clients are not disadvantaged by the employees' trading and to ensure compliance with our Code of Ethics.

In addition, RCM's clients may from time to time invest in the Funds managed by RTCM. This creates a potential conflict of interest for RCM in that it may have an incentive to recommend the Funds as an investment to its clients because RCM's affiliates (RTCM, Rothschild Capital Partners, LLC and/or RT GP, LLC, as applicable) manage the Funds and receive management fees and incentive allocations in connection therewith. RCM manages this conflict by meeting with each managed account client to help it determine whether an investment in a Fund is appropriate for a portion of its assets that are not directly managed by RCM (as the Funds may have more flexibility in terms of their ability to use certain investment options).

The full details of the personal trading policies are included in the Code of Ethics, which is available upon request by contacting Jean Dellman at (410) 339-6990 or jdellman@rothcap.com.

Item 12: Brokerage Practices

Brokerage. Investment advisers have a fiduciary duty to their clients to obtain best execution of client transactions. Obtaining the best trade execution is an important aspect of every trade that we place in a client account. RCM and its affiliates are now using an outsourced trading provider for the majority of client trades in an effort to have conformity with respect to its trading.

The Investment Committee selects the brokers to execute trades on behalf of the clients and the Investment Committee determines the reasonableness of their compensation based on the range and quality of a broker's services including execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility, responsiveness and research, brokerage and other services and products provided by a broker (the "soft dollar items"). The Investment Committee periodically reviews its list of approved brokers and the services such brokers provide, and determines at such times whether the brokers are meeting their obligations and warrant continued allocation of our trades. We also periodically review alternative brokers to ensure that our clients are receiving best execution from all available known options.

RCM uses client commissions (i.e., "soft dollars") to purchase soft dollar items within, and outside, the Safe Harbor established by Section 28(e) of the U.S. Securities Exchange Act of 1934. Soft dollar practices are the use of client commissions to "pay up" (i.e., pay more than the lowest commission available) for products and services. Research services, which we believe provide value-add information that better enables the Investment Committee to manage client

assets, paid for using soft dollars, include, but are not limited to, ISI Research and Ned Davis Research.

Services used to manage client accounts and paid by client commissions, some of which may be outside the Safe Harbor, include (but are not limited to):

- **Bloomberg Finance L.P.** – The provider of a vast array of research services including pricing data, historical data, real-time news and alerts, valuation parameters and third-party research reports
- **Fiserv (Check Free Services Corp)** – The provider of our portfolio accounting system (Checkfree/APL) and related services
- **Thomson Reuters LLC** – The provider of a number of research services including StreetEvents, a system that allows us to monitor, access and retrieve corporate press releases, financial reports and live (and archived) conference calls of public presentations

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Company and any of its or its affiliates' other accounts. The Company may use client commissions to acquire soft dollar items that the Company would otherwise be obligated to provide to, or acquire at its own expense for, the relevant account(s) and for which the Company and the Company's other clients therefore receive a benefit. The Company may also have an incentive to select certain brokers based on the soft dollar items provided by such brokers rather than the client's interests in receiving the most favorable execution. Nonetheless, the Company believes that such soft dollar items may provide the clients with benefits by supplementing the research and services otherwise available to the clients, and the Company will use such items (including non-safe harbor soft dollar items) in good faith and further believes that these items will provide benefit to the accounts.

The clients may be deemed to be paying up for soft dollar items provided by the broker which are included in the transaction charges. In exchange for the direction of portfolio transaction dollars to certain brokers, credits are generated which may be used by the Company to pay for the soft dollar items provided, or paid for, by such brokers. To the extent the client's portfolio transactions generate such credits or soft dollar items are provided, the Company will be receiving a benefit by reason of the direction of client commissions.

Although it has not yet done so, in addition to the factors described above, the Company may consider a broker's referrals of clients or the potential for future referrals in directing transactions to a broker. As with client commission payments for soft dollar items, in some cases the transaction compensation paid might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals, although the Company will seek to avoid such a result and will seek best execution. Referrals of clients from broker-dealers (or the

potential for referrals) may create an incentive for the Company to cause one or more clients to effect more transactions with such brokers than it might otherwise do in order to stimulate more referrals rather than the client's interest in receiving most favorable execution.

Commissions generated in a client's account may be used to pay for soft dollar items used by RCM in managing other client accounts or in an affiliate's account. Likewise, not all soft dollar items may be used by RCM in connection with the client account that paid commissions to the broker providing such services. Further, RCM does not attempt to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. The Company believes that, over time, all client accounts will receive some benefit from the soft dollar items provided.

Aggregation. In general, investment decisions are made on an aggregate basis for all clients provided the investment meets stated suitability goals. Recognizing that no single portfolio is necessarily exactly the same, the members of the Investment Committee will exercise discretion in determining suitability of investments, as well as overall position size. Allocations may vary depending upon current and expected liquidity needs and the aforementioned consideration of risk tolerances.

RCM and its affiliate RTCM, whenever possible (to the extent the transaction is suitable for more than one client), place concurrent orders with a single broker to be executed as a single, aggregated "block" in order to facilitate orderly and efficient execution and on average reduce the costs of execution. Whenever RCM and RTCM do so, each client on whose behalf an order was placed will receive the average price at which the "block" was executed and will bear a proportionate share of all transaction costs, based on the size of the client account's order. RCM will aggregate securities orders if it believes such aggregation is consistent with its duty to seek best execution for its clients and is consistent with the terms of the Company's investment advisory agreements and RCM will ensure that allocation of securities is done on a fair and equitable basis.

Item 13: Review of Accounts

RCM maintains a number of policies to review client accounts.

Day-to-Day Monitoring – On a day-to-day basis, members of the Investment Committee (Stanford Z. Rothschild, David D. Rothschild, Jason B. Wood, Archie C. Smith and Leonard D. Rodman) are responsible for monitoring and management of the accounts; and collectively oversee all facets of the investment advisory process including, but not limited to asset

allocation, portfolio review, idea generation, trading policy, risk management, proxy voting and compliance. Other employees may assist in the aforementioned duties as required by the Investment Committee members, and where appropriate.

- **Trade Execution** – Brokers provide us with physical confirmations as well as DTC affirmations between the broker, the custodial bank and our Company, for each trade executed in client accounts.
- **Custodian** – RCM utilizes M&T Bank as the custodian for client assets. M&T provides custodial services including, but not limited to, daily trade reconciliation, ensuring receipt of income, facilitating any client requests, deposits or withdrawals, portfolio valuation and are responsible for issuing 1099s.
- **RCM Administrator** – The Company's Chief Administrator, Jean Dellman, is the primary control person for the firm's record-keeping, directing fund transfers and wiring, and expense reconciliation. The Administrator also affirms trades on DTC, books all executed trades into the Company's internal portfolio accounting system, Checkfree/APL, and ensures our records reconcile with the formal records of our custodian.

Periodic Monitoring and Review – RCM intends to meet at least annually and/or more frequently at the client's request to review unaudited performance relative to stated investment objectives. The review will also discuss potential changes to the client's objectives, constraints, liquidity and special situations.

- Most of the clients of RCM are family and/or long-time friends of the Rothschild family. Clients are not assigned to any one member of the Investment Committee, with access open to all.
- Clients may request a meeting at any time and are encouraged to contact any member of the RCM Investment Committee with changes in their objectives and constraints.
- Written unaudited and net portfolio values and returns are furnished upon request.
- The accounts' custodian will furnish monthly or at minimum quarterly written statements per the client's stated preference with copies provided monthly to RCM.
- The accounts' custodian will furnish trustees copies of written statements as per guiding trust documentation and client requests.

Quarterly Client Letter – The members of the Investment Committee author a written quarterly letter detailing their thoughts on the prior quarter, investment performance, and forward-looking thoughts on the market, macroeconomic conditions, and the portfolio's positioning.

Item 14: Client Referrals and Other Compensation

Except as otherwise provided in Item 12 regarding RCM's receipt of soft dollar items, RCM does not receive any economic benefit from non-clients in connection with providing advice, or other advisory services, to clients.

RTCM (as defined in Item 2), a separate entity owned by David D. Rothschild, hired Jodi Dehli to coordinate business development and client service efforts. Ms. Dehli interacts with RCM clients and her efforts may, in part, be compensated by RCM as deemed appropriate.

Item 15: Custody

An adviser has custody of a client's funds and securities if it has the ability to (or can direct the custodian to) deduct fees or other expenses directly from the client's accounts. Therefore, RCM is deemed to have custody of clients' assets because it calculates applicable management fees and makes fee withdrawal requests to the custody bank. The qualified custodians collect management fees on a quarterly basis, via direct debit from client accounts at the Company's direction. Client funds and securities are held with banks, or registered-broker dealers that are qualified custodians – in particular M&T Bank, which is the Advisers' primary qualified custodian. The qualified custodians send account statements directly to clients, on a monthly basis, identifying the amount of funds and of each security in the account and setting forth all transactions in the account for the past month. RCM receives a copy of the account statement. RCM advises clients to carefully review their statements from the qualified custodian

Item 16: Investment Discretion

RCM accepts discretionary authority to manage the assets in each client's account. We observe investment limitations and restrictions that are outlined in each account's investment management agreement which may be imposed by a client. The most important principle by which we operate in all aspects of our business is the equal and fair treatment between all our clients and their portfolios. Our decisions are never to be influenced by any consideration for differences in fee arrangements, size of account, length of a relationship, and potential for additional or new business.

Pursuant to our investment management agreements, we have the authority to determine the following without obtaining specific client consent:

- Securities to be bought and/or sold

- Amount of securities to be bought and/or sold
- Broker dealer to be used for trade execution
- Commission rates paid for trade execution

Item 17: Voting Client Securities

General Principle

Pursuant to Rule 206(4)-6 of the Advisers Act, registered investment advisers that exercise voting authority with respect to clients' securities are required to adopt and implement policies and procedures for voting proxies to ensure that client proxies are voted in the best interest of clients, disclose those policies and procedures to their clients and disclose how clients may obtain information about how the adviser has voted proxies.

RCM maintains voting authority with respect to clients' securities, and maintains a Proxy Voting Policy that details its policies and procedures for voting proxies. Proxies will always be voted in the best interest of the clients. RCM shall consider all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

RCM has established a proxy voting committee (the "Proxy Voting Committee") that is responsible for deciding how RCM will vote a proxy. The Proxy Voting Committee consists of four members:

- Stanford Z. Rothschild, Chairman
- David D. Rothschild, Managing Partner
- Jason B. Wood, Managing Director
- Leonard D. Rodman, Principal

RCM may, from time to time, consult with persons who are not Proxy Voting Committee members when determining how to vote a proxy, including but not limited to members of the Investment Committee (e.g., Archie C. Smith).

While retaining final authority to determine how each proxy is voted, the Proxy Voting Committee reviews and in most instances (provided RCM determines it is in the best interests of the clients to do so) follows the proxy voting policies and recommendations of Institutional Shareholder Services Inc. ("ISS"). ISS tracks each proxy that RCM is authorized to vote on behalf of its clients and makes recommendations to the Proxy Voting Committee as to how it would vote such proxy in accordance with ISS's own proxy voting guidelines. ISS may from time to time vote on proxy matters on RCM's behalf in accordance with ISS's recommendations in the event RCM agrees and has not provided specific directions to the contrary. In addition to supplying proxy related research and making recommendations to RCM as to particular

shareholder votes, ISS also performs the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by RCM, and retaining proxy voting records and information. Clients may not direct RCM's proxy vote in a particular solicitation.

Employees of the Company should be aware that when the Company votes proxies, the Company's position may be contrary to the personal interests of its employees.

Resolving Conflicts of Interest

The Proxy Voting Committee shall resolve all material conflicts of interest issues prior to voting, including but not limited to:

- Personal ownership interest in the company in which the Company will vote on a proxy.
- Whether Proxy Voting committee members receive any compensation or profit based on how the Company votes on a proxy.
- Role as a director in the issuer in which the Company will vote on a proxy.
- Immediate family member (spouse, child, parent, sibling, or in-law) as a director in the issuer in which the Company will vote on a proxy.
- A personal relationship with an executive or director in the issuer in which the Company will vote on a proxy.
- A personal relationship with a candidate to be a director in the company in which the Company will vote on a proxy.

In the event of a conflict of interest, the Proxy Voting Committee may determine that a member of the Proxy Voting Committee who has a conflict of interest is to be recused from the deliberations as to how to vote the proxy on a case-by-case basis.

Clients may obtain a copy of RCM's Proxy Voting Policy, and information on how RCM voted securities and any questions they may have, by contacting Jean Dellman at jdellman@rothcap.com or (410) 339-6990. Clients may obtain a copy of ISS' proxy voting policy by visiting:

http://www.issgovernance.com/policy/2012/policy_information

Item 18: Financial Information

RCM has no additional financial conditions to report. We do not require or solicit prepayment of fees in excess of \$1,200 per client six months or more in advance of services rendered and are, therefore, not required to include detailed financial statements. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients and we have not been the subject of a bankruptcy proceeding.