

Item 1: Cover Sheet

INFORMATIONAL BROCHURE

HOTALING INVESTMENT MANAGEMENT, LLC

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Wayne, PA 19087

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Bruce Hotaling

610-688-0616

November 1, 2012

This brochure provides information about the qualifications and business practices of Hotaling Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 610-688-0616. 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. Hotaling Investment Management, LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.

Additional information about Hotaling Investment Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Statement of Material Changes

Hotaling Investment Management, LLC has been registered with the United States Securities and Exchange Commission since August of 2012. The material changes in this Brochure include the following:

Item 1: The name of the firm has changed from Peloton Investment Management, LLC to Hotaling Investment Management, LLC.

Item 1: The address has changed from 222 E Beechtree Lane to 100 West Lancaster Avenue, Wayne, Pennsylvania 19087.

Item 4: The principal of the firm has changed from Amy Mohr to Bruce Hotaling.

Items 5 and 10: These items have been changed to disclose that neither the principal of the firm nor related persons is a representative of a broker-dealer.

Item 3: Table of Contents

TABLE OF CONTENTS

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

INFORMATIONAL BROCHURE

HOTALING INVESTMENT MANAGEMENT, LLC

Item 4: Advisory Business

Hotaling Investment Management, LLC (“Hotaling”) has been in business since November, 2012. Bruce Hotaling is the firm’s only principal. Hotaling provides personalized investment management and financial planning services. The firm provides financial advice to individuals, trusts, foundations, endowments and corporations.

Financial Planning

In most cases, the client will supply to Hotaling information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. We determine these objectives by reviewing new client questionnaires and then interviewing the client for additional background and clarity so we can gather a more complete picture of a client’s needs. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

Investment Management

Hotaling requires each client to place at least \$500,000 with the firm. This minimum may be waived in the discretion of Hotaling.

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When Hotaling is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Hotaling.

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

Item 5: Fees and Compensation

A. Fees Charged

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

Financial planning is included with asset management services.

Generally, assessment fees vary from 0.65% to 1.50% per annum of the market value of a client's assets managed by Hotaling, and will generally fall into the following fee breakdown:

The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

B. Fee Payment

Investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Hotaling.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. Hotaling can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata Fees*

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account).

E. *Compensation for the Sale of Securities.*

Neither Hotaling nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Item 6: Performance-Based Fees

Hotaling will not charge performance based fees.

Item 7: Types of Clients

Clients advised may include individuals, trusts, foundations, endowments and corporations. Hotaling requires each client to place at least \$500,000 with the firm. This minimum may be waived in the discretion of Hotaling.

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

It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

At the onset of the client relationship, Hotaling will:

- 1) Interview the client, establish risk tolerance, investment horizon, income/distribution needs and any other constraints that may play a role in the client's investment parameters
- 2) Determine an appropriate asset allocation, including the general types of securities that would be appropriate to meet the client's needs.
- 3) Prepare a written investment policy outlining the above for the client, including a schedule for regular reviews.
- 4) If needed, Hotaling will prepare a transition plan from the client's current accounts to the accounts managed by Hotaling. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Each client account is separately managed, and invested according to that client's investment objectives. Once we ascertain the objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation guideline is a percentage-based allocation among different types of assets (asset classes). For example, a client may have an asset allocation strategy that calls for 60% of the portfolio to be invested in equity securities and the remaining balance in fixed income. Another client may have an asset allocation of 75% in fixed income securities and the remainder equities. The percentages in each type that we recommend are based on the typical behavior of that security type,

individual securities we follow, current market conditions, the client's current financial situation, financial goals, and the timeline to get you to those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's.

Once the client's asset allocation guidelines are established, a selection of appropriate securities types are selected. The broad categories of securities Hotaling works with are: individual stocks, municipal bonds, corporate bonds, REIT's (real estate investment trusts), MLP's (master limited partnerships), ETF's, ETF's (exchange traded funds) and some equity and some fixed income open ended mutual funds. The stocks are generally utilized for growth. The primary goal is to increase the value of the client's assets through price appreciation. Municipal bonds and corporate bonds are the two primary security types Hotaling uses to generate income for client portfolios. REIT's and MLP's are generally used for income, and to diversify client portfolios. They are typically used in support of the primary asset types, stocks and bonds. Different asset types tend to behave differently in different market environments and there can be benefits to diversification. The ETF's are used for income as are the open ended mutual funds.

Hotaling typically utilizes individual securities to configure a client account. In certain instances, mutual funds will be used to represent a specific asset class. All client accounts are managed by Hotaling, and are not managed by other money managers.

For the equity component of client portfolios, Hotaling utilizes its own proprietary stock models, which it uses to guide the stock positions in client portfolios. Each client account is coded to indicate the equity model it is attached to. Client accounts are only attached to one model. If a client wanted to take advantage of more than one equity model, Hotaling would suggest the client open a second account to accommodate the other equity model.

As a result of Hotaling's interviewing clients, Hotaling is often in a position to recommend the appropriate equity model for the client's needs. In other instances, client's may have a specific type of equity portfolio in mind, either due to their investment interest, their overall global asset allocation, or their expected risk and return guidelines. Some clients' equity allocation should be in stocks of companies that are perceived to be more stable, large companies. Other clients' equity allocations can be in smaller companies with greater growth potential (and potentially greater risk).

Specific securities are chosen based on a variety of factors, including dividends, income, interest rates, company management, price to earnings ratios, and other factors. Hotaling bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics we undertake on our own. We also utilize some quantitative analysis and from time to time utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

Hotaling's equity models are as follows:

Large Cap: The equities chosen for this model are intended to reflect the largest, and historically stable, companies in the S&P 500. This model is intended to be generally conservatively positioned, to allow clients exposure to the equity markets with less risk than a portfolio with exposure to more emerging companies.

Mid-Cap Core: The equities chosen for this model are intended to provide an element of growth potential to the equity allocation. Generally somewhat smaller companies, at a stage in their life cycle where there are still significant opportunities for growth, but after the company has proven itself as a stable enterprise.

All-Cap: the equities in this model are a blend of the Large Cap and Mid-Cap equities, generally, but may also include other equities. The approach here is balanced: the right mix of large, established companies with medium-sized but growing companies can provide risk mitigation and still allow for appreciation.

For the fixed income component of client portfolios, Hotaling predominantly utilizes individual municipal bonds (for appropriate taxable accounts) and corporate bonds (for tax deferred accounts and accounts where the client's tax situation allows). Hotaling utilizes fundamental research, ratings agency reports, research and data gleaned from on-line sources and other proprietary research to vet out and monitor bond portfolios.

Municipal Bonds: Are tax free (State and Federal) when purchased by residents of the issuing state. For higher tax bracket investors, they are an important asset class. Individual bonds are generally chosen for their stability, liquidity, and accessibility.

Corporate Bonds: Are a core asset class in accounts that are not tax sensitive and where steady income is a primary objective. Corporate bonds are categorized as fixed income securities, but this does not mean they are by definition secure investments with limited upside. Rather, some bonds may have very high growth potential combined with very high risk or volatility. The construction of the portfolio is therefore paramount to the success of the model. A mixture of well-performing, secure debt is combined with potentially higher yield investments. This model is appropriate for clients investing over a long term, who are able to tolerate risk and volatility.

Hotaling also uses some ETF's and open-ended mutual funds to diversify and enhance the income generating qualities of its fixed income portfolios. These are generally used in support of the primary bond portfolio. Hotaling also utilizes research sources to analyze and qualitatively rank the ETF's and mutual funds being used.

Hotaling's ETF model is a proprietary portfolio of exchange traded funds, chosen for their perceived ability to generate higher returns than an index fund. The specific ETFs chosen are allocated among several distinct sectors of the fixed income market, which Hotaling believes provides a level of diversification and balance to the portfolio. Because of the diversified nature of an ETF, combined with the construction of this model as a collection of ETFs, the portfolio is more diversified than our bond portfolios.

Hotaling's open-ended mutual fund Portfolio is a proprietary portfolio of open ended, fixed income mutual funds, allocated among several distinct sectors of the market. This fund is intended as a lower risk, lower return option.

The other two primary asset classes Hotaling uses are REIT's and MLP's. These asset classes are often effective in diversifying client portfolios. They often exhibit what is referred to as non-correlating behavior which can counter the effect of market price moves on other asset classes. These also are primarily used as income producing investments, to improve and diversify the income generating capabilities of certain accounts, as appropriate.

When a client first comes to Hotaling, the client's assets must be transitioned into Hotaling. This means potentially selling some investments in a client portfolio, either all at once or over time, and moving those assets in line with the agreed asset allocation guidelines. Hotaling's transition plans will involve the placement of each client's assets in one of its proprietary equity models, and appropriate fixed income (and other asset classes) as the market conditions dictate. There may be times when it takes several months for a clients assets to be fully invested, and in synch with the equity investment models.

A client may have different accounts in different models, which together represent the total allocation of the client's assets with Hotaling. All accounts in each model are managed on a *pari passu* basis. In other words, all accounts managed within each strategy are managed in a like manner, side by side with one another, and not individually considered. This does not mean that a client may not place reasonable restrictions on the management of their assets. In the event a client wanted to place a restriction, the restriction would be noted and any trades for the model that might violate the restriction would be stricken from that client's account.

As assets are transitioned from a client's prior advisers to Hotaling, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Hotaling. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, Hotaling will monitor the investment as part of its services to the client. Hotaling may suggest that a given investment be moved to a separate account.

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Hotaling may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Hotaling endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Risks Related to Investment Term.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security Hotaling feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Hotaling utilizes short sales only when the client's risk tolerances permit.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Risks Specific to the Use of Model Portfolios:** Each client's assets will be invested according to their specific investment objectives, but the use of models to achieve the client's goals brings a specific risk that a model portfolio may not meet the client's objectives the same way a completely individualized portfolio might. While this can happen any time, it is most likely to occur when a client provides investment restrictions for their account which cause their account to not participate in every investment decision made for the model portfolios. Clients are encouraged to place restrictions on the investment of their assets if they wish, but should understand that the more restrictions are placed on the accounts, the more difficult it is for Hotaling, or any adviser, to meet their objectives. This is especially true when model portfolios are used, because the models are constructed using each security as an integral building block to the portfolio as a whole.

Item 9: Disciplinary Information

None to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-dealer

Neither the principal of Hotaling, nor any related persons are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of Hotaling, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Certain professionals of Hotaling are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for Hotaling clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of Hotaling. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage Hotaling or utilize these professionals to implement any insurance recommendations. Hotaling attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with Hotaling, or to determine not to purchase the insurance product at all. Hotaling also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of Hotaling, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of other Advisers

Not applicable.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. Hotaling does not recommend to clients that they invest in any security in which Hotaling or any principal thereof has any financial interest.

C. On occasion, an employee of Hotaling may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of Hotaling may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12: Brokerage Practices

A. Recommendation of Broker-Dealer

Hotaling recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"). Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab is wholly independent from Hotaling. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Hotaling recommends Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. Hotaling re-evaluates the use of Schwab at least annually to determine if they are still the best value for our clients.

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as "soft dollars". Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, Hotaling will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). Hotaling receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client's trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client's account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

Schwab has provided a loan to Hotaling to assist its business operations, and the loan is guaranteed by Bruce T. Hotaling, principal of Hotaling. The terms of the loan require that management fees to Hotaling be paid to an account at Schwab for deduction of interest and principal payments on the loan before Hotaling may access such management fees. The loan agreement contains various representations and covenants by Hotaling, including, among others, that Hotaling will maintain a certain amount of in end client net assets held at Schwab ("Assets Under Management at Schwab"), and that Hotaling will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits. Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Hotaling's ability to perform services for you.

Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit Hotaling and may not benefit Hotaling's client accounts. Hotaling's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Hotaling, or Hotaling's agreement to maintain certain assets under management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Hotaling as part of our evaluation of these broker-dealers.

B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, ¼ of a share, or a position in the account of less than 1%.)

Item 13: Review of Accounts

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive statements and confirmations of trades directly from Schwab.

Item 14: Client Referrals and Other Compensation

Not currently applicable.

Item 15: Custody

Hotaling deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by Hotaling against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

Item 16: Investment Discretion

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When Hotaling is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Hotaling.

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

We generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts. However, the client may use another broker-dealer if the client wishes to do so. Hotaling will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting.

Item 17: Voting Client Securities

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. Hotaling will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Hotaling will not give clients advice on how to vote proxies.

Item 18: Financial Information

Hotaling does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

Item 1: Cover Sheet

Bruce Hotaling

HOTALING INVESTMENT MANAGEMENT, LLC

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November 1, 2012

This Brochure Supplement provides information about Bruce Hotaling that supplements the Hotaling Investment Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Bruce Hotaling at the number above if you did not receive Hotaling Investment Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Additional information about Bruce Hotaling is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Bruce Hotaling

Born: 1960

EDUCATION:

B.A. English and German, Hobart and William Smith Colleges, 1982

MA, International Affairs, American University – School of International Service, 1986

BUSINESS EXPERIENCE:

Hotaling Investment Management, LLC
Managing Member, 11/2012 – present

Hotaling Investment Management of Raymond James & Associates, Inc.
Senior Vice President, Investments
01/2009 – 11/2012

Legg Mason
First Vice President
09/1993 – 09/2003

PROFESSIONAL DESIGNATIONS:

Chartered Financial Analyst

The Chartered Financial Analyst (CFA) designation is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute, the largest global association of investment professionals.

To earn the CFA designation, candidates must (1) pass three sequential, six-hour examinations, (2) have at least four years of qualified professional investment experience, (3) join the CFA Institute as members, and (4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards - The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, requires CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition - Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study at each level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision-making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders, often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements. More than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge - The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency in a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment management skills to reflect the dynamic and complex nature of the profession.

Item 3: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for Mr. Hotaling.

Item 4: Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any investment related outside business activity. No information is applicable to this Item for Mr. Hotaling.

Item 5: Additional Compensation

This item is not applicable, as Mr. Hotaling does not receive any additional compensation.

Item 6: Supervision

Mr. Hotaling is the firm's only principal, and as such has no direct supervisor. However, all employees of Hotaling Investment Management are required to follow the supervisory guidelines and procedures manual which is designed to ensure compliance with securities laws in the states where Hotaling Investment Management are registered.

Item 7: State Requirements

- A. Not applicable.
- B. Not applicable.