

FIRM BROCHURE

Form ADV, Part 2A

BRASADA CAPITAL MANAGEMENT, LP

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This brochure provides information about the qualifications and business practices of Brasada Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at (713) 630-8390 and/or www.brasadacapital.com. 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.

Brasada Capital Management, LP is a registered investment advisor in the State of Texas applying for SEC registration. Registration of an investment advisor does not imply any level of skill or training.

Additional information about Brasada Capital Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Since the last ADV update in March, 2012, Brasada has begun managing subadvised and separately managed accounts. In addition to the two pooled investment vehicles already managed by two of Brasada's four principals, Brasada added three fixed income subadvised accounts and two equity separately managed accounts. Brasada hired a fixed income manager who is a long time associate of Brasada's principals for the subadvised accounts and the equity separately managed accounts are being run by one of Brasada's other principals.

With the increase in assets being managed by Brasada, Brasada is now applying for SEC registration.

Brasada Capital Management, LP
March, 2011

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Item 4 Advisory Business

- A. Brasada Capital Management, LP, (“Brasada”) was created in June, 2008. Brasada provides investment advisory services on a discretionary basis to private pooled investment vehicles, subadvised accounts and separately managed accounts. At this time, Brasada provides investment advisory services to two private pooled investment vehicles, *(each a “Fund and together, the “Funds”)*, *three subadvised accounts (“subadvised accounts”)* and *two separately managed accounts (“separate accounts”)* all products together referred to as “clients”.

Principal owners of the firm are: Mark Edward McMeans, Ronald Philip Stein, James Gabriel Birdsall and Robert Charles Leslie.

- B. Brasada’s investment advisory services include but are not limited to: the management, operation and control of the investment and trading activity of its clients and monitoring activity to ensure the clients follow their stated investment objectives.
- C. Outside of the advisory services listed above, Brasada typically does not tailor its advisory services to the individual needs of any one investor. Additionally, investors currently may not impose restrictions on investing in certain securities or types of securities.
- D. Neither Brasada nor its clients participate in any wrap fee programs.

As of 2/28/2013, Brasada managed approximately \$172 million in assets. All assets are managed on a discretionary basis.

Item 5 Fees and Compensation

- A. For its Funds, Brasada charges a management fee (the “**Management Fee**”) at the annual rate of 1.5% of the capital account balance of each limited partner of the Funds. The general partner of each Fund, Brasada Capital Partners, LP, an affiliate of Brasada, is entitled to an annual performance-based profit allocation (the “**Performance Allocation**”) at the end of each year of twenty percent (20%) of the Fund's annual net profits attributable to a limited partner, but only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula. Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of the Fund's non-marketable investments. All such performance fee arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940. Both the management fee and performance allocation are negotiable.

For the subadvised accounts Brasada manages, Brasada receives a portion of the management fee which is calculated quarterly in arrears on the basis of the following schedule: 45 basis points on the first \$10 million; 40 basis points on any amounts from \$10 million to \$30 million; 35 basis points on any amount from \$30 million to \$40 million and

25 basis points on any amount above \$40 million. The schedule of fees is applied to the aggregate fair value of the assets of all the accounts the subadviser manages as of the last business day of each quarter with the result divided by four. The fees for any period which is less than a full quarter shall be determined by daily proration.

For the separately managed accounts, Brasada receives a 1% management fee based on assets, calculated on the last business day of each quarter with the result divided by four.

- B. For its Funds, fees are deducted directly. The management fees are calculated and paid quarterly in advance at the beginning of the quarter. Performance fees are calculated and paid annually.

For the subadvised accounts, the Adviser deducts the fees from the accounts and pays out a portion of the management fee to Brasada as described above.

For the separately managed accounts, Brasada bills the investor on a quarterly basis.

- C. In addition to the fees described in item A. above, the Funds bore the expenses of the organization of the Funds and bear the offering of Interests including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses and out-of-pocket expenses.

The Funds may also bear all costs and expenses directly related to their investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes and all expenses incurred in connection with locating, evaluating and implementing potential investments including travel, software subscriptions and other research related expenses. The Funds also bear all out-of-pocket costs of the administration of the Funds’, including accounting, audit and legal expenses, and costs of any litigation or investigation involving the Funds’ activities. The Funds may also bear the costs associated with reporting and providing information to existing and prospective investors. However, Brasada may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Funds. The Funds do not have their own separate employees or office, and they do not reimburse Brasada for salaries, office rent and other general overhead costs of Brasada. A portion of the commissions generated on the Fund’s brokerage transactions may generate “soft dollar” credits that Brasada is authorized to use to pay for research and research related services and products. It is Brasada’s policy to limit such use of soft dollars to fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended or otherwise reasonably related to the investment decision making process. See Item 12 for more information on Brokerage practices.

Brasada’s subadvised accounts pay Brasada management fees as described in Item A. above as well as incurs some brokerage and other transactional costs. Additionally, these subadvised accounts may have other expenses such as custodian fees which are processed by the Advisor.

Brasada's separate accounts pay Brasada management fees as described in Item A. above and also incurs some brokerage and other transactional costs.

- D. As notated in Item B. above, management fees for the Funds are paid quarterly in advance. Capital contributions from investors accepted after the commencement of a quarter are subject to a pro-rated management fee reflecting the time remaining during the quarter. These amounts are calculated by the outside Administrator which Brasada has engaged to perform certain financial, accounting, administrative and other services on behalf of Brasada, including the preparation of interim financial statements, the calculation of Fund investment performance, the calculation of any fees payable to the General Partner, and the preparation of interim reports to investors. In the situation where an investor withdraws capital during the quarter, the outside administrator would calculate any fees owed to the investor who would then receive a refund.

Fees for the subadvised accounts and separate accounts are not paid in advance.

- E. Neither Brasada nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

As mentioned in Item 5.A. above, Brasada Capital Partners, LP, an affiliate of Brasada, is entitled to an annual performance-based profit allocation at the end of each year of twenty percent (20%) of the Funds' annual net profits attributable to each investor, but only to the extent that such profits exceed any losses carried forward from prior years, based on a "high water mark" formula. Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of the Fund's non-marketable investments. All such performance fee arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940.

Brasada does not receive performance based fees on its subadvised or separately managed accounts.

Although Brasada manages three different types of products with varying fee structures, Brasada avoids conflict by allowing the investor to select which product strategy/objective is best suited to their needs regardless of the fee structures. Each of the product types offered by Brasada are run by a different manager.

As of 2/28/13, approximately 78% of Brasada's assets managed were in the non performance fee paying products.

Item 7 Types of Clients

Brasada's clients are comprised of: two pooled investment vehicles/Funds which are offered to accredited investors, three fixed income subadvised accounts which are managed for a family trust and two separately managed equity trust accounts.

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

A. Analysis and investment strategies used for Brasada's Funds:

Brasada Long-Short Equity's investment strategy begins with a bottom up driven investment process. Investment ideas come primarily from the portfolio manager's (PM's) experience in covering stocks in this discipline for many years, quantitative screens, qualitative fundamental analysis, meetings with company's management and industry and sell-side research conferences. Long positions will focus on stocks that the PM believes to have above average earnings growth, the ability to generate cash flow, and where management is demonstrating that they are good stewards of capital through metrics like return on investment and return on invested capital. Fundamental analysis is an important consideration, in addition to the PM's quantitative views, to understand the company's growth drivers and whether that growth is sustainable. Long positions also must have reasonable valuation levels, in the PM's view, where the PM believes the market has underappreciated the company's future growth prospects. Short positions will focus on fundamentally challenged companies and industries identified through this same research process.

Under normal market conditions, Brasada Long-Short will be actively managed and diversified across all market capitalizations and most sectors. The capital allocation decisions will be based on what the PM believes to be the best opportunities available to gain exposure to identified positions and will include various investment strategies within equities, exchange traded funds, options, convertible or preferred stock and/or various combinations of each. The goal is to possess a collection of investments with a superior risk/reward profile to that of the broader market.

Brasada Absolute Return's investment strategy consists of a combination of top down macroeconomic analysis of the business and credit cycle, with a bottom up analysis focused on underlying asset values and earnings power, complemented further by a volatility analysis to identify sectors and companies with attractive opportunities relative to historical norms. The goal of this analysis is to identify long or short equity positions in sectors and individual companies that, in the PM's opinion, are either well or poorly positioned in the current economic environment. Volatility analysis is integrated with the fundamental view to identify attractive risk and reward structures using options to implement exposures if substantial discrepancies exist between current implied volatility and historical or expected volatility.

Investment ideas flow from a variety of sources including the PM's experience over investment cycles, analysis of economic data, fixed income and credit research,

management and sell side analyst meetings, conferences and trade shows, as well as quantitative screening. Long positions will focus on companies that are believed to be inexpensive relative to underlying asset values and/or normalized earnings over a business cycle, while short positions will be concentrated in companies believed to be fundamentally challenged in poorly positioned industries and sectors. The Fund invests primarily in securities traded on U.S. exchanges across all market capitalizations. Although Brasada Absolute Return may invest across all sectors, a substantial amount of idea generation flows from the PM's expertise in financials, income producing sectors (REIT's and MLP's), cyclicals, and special situations.

All investments risk the loss of capital. No guarantee or representation is made that the funds strategies will be successful, and investment results may vary substantially over time.

Analysis and investment strategies used by Brasada's subadvised accounts:

Brasada's fixed income subadvised accounts' primary objective is to achieve an above average distribution of tax free, AMT-free income, while protecting principal. This is accomplished by investing in tax-exempt securities issued by the states, municipalities, local governing agencies, and the sovereign territories of the United States. U.S. Treasury securities may be used for defensive purposes. Investment ideas come primarily from the PM's experience in covering bonds in this discipline over various market cycles for many years. The PM uses a credit research approach, rather than a trading approach to add value. He minimizes volatility through the use of a flexible ladder of maturities and the use of premium bonds emphasizing income distribution over total return.

Two of the three subadvised accounts are in a tax-exempt fixed income strategy where at least 80% of the assets are normally invested in investment grade securities (BBB- or Baa- or higher) with no security being greater than 5% of the assets at the time of purchase. Up to 20% of assets may normally be invested in non-rated or below investment grade securities with no security being greater than 1% of assets at the time of purchase. The portfolios maintain a weighted average maturity of 8 years or less.

The other subadvised account is in a high income municipal strategy where up to 30% of assets may normally be invested in investment grade securities (BBB- or Baa- or higher) with no security being greater than 5% of assets at the time of purchase. Up to 80% of assets may normally be invested in non-rated securities with no security being greater than 2% of assets at the time of purchase. Assets may be invested in deeply discounted bonds that fall below "de minimis" – generating a potential income tax liability.

All investments risk the loss of capital. No guarantee or representation is made that the accounts' strategies will be successful, and investment results may vary substantially over time.

Analysis and investment strategies used by Brasada's separately managed accounts:

Brasada's separately managed account services may involve any investment strategy when providing investment advice. Each account is evaluated based on the investor's objectives, risk tolerance and any special considerations. These parameters ultimately provide the basis

for asset allocation and security selection. Portfolios will typically be comprised of exchange traded funds, equity securities, fixed income instruments and money market mutual funds, and are typically constructed with prevailing long-term trends in mind.

All investments risk the loss of capital. No guarantee or representation is made that the accounts' strategies will be successful, and investment results may vary substantially over time.

- B. As mentioned above, the strategies used by all of Brasada's clients involve risk.

Potential risks associated with investing in Brasada's Funds include the following:

Diversification. Since the Funds' portfolios will not necessarily be widely diversified, the investment portfolio of the Funds' may be subject to more rapid changes in value than would be the case if the Funds' were required to maintain a wide diversification among companies, securities and types of securities. This limited diversity could expose the Funds' to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the Funds' investments.

Investment Judgment; Market Risk. The profitability of a significant portion of the Funds' investment programs depend to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Brasada will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Funds', there is always some, and occasionally a significant, degree of market risk. Changing market and economic conditions may lead to investor losses.

Reliance on Third Party Research. Brasada may rely on research provided by unaffiliated third parties. Brasada cannot and does not independently verify the accuracy of or the assumptions or calculations underlying any research provided by third parties.

Portfolio Turnover. The Funds are not restricted in effecting transactions by any specific limitations with regard to their portfolio turnover rate. The Funds' investment policies' might result in substantial portfolio turnover. Fund investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and fees, which will be borne directly by the Funds'.

Short Sales. The Funds may enter into transactions, known as "short sales," in which they sell a security they do not own in anticipation of a decline in the market value of the security. Short sales by the Funds that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Funds may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Funds might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale

obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Funds contract for the purpose of making derivative investments (the “*Counterparty*”). In the event of the Counterparty’s default, the Funds will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Leverage. Subject to applicable margin and other limitations, the Funds’ may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds (“*ETFs*”) and other similar instruments may be purchased or sold short by the Fund. An ETF is an investment company that is registered under the 1940 Act that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called

“creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Funds’ may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs are not registered as investment companies under the 1940 Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Fund's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. Brasada considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

MLPs. A portion of the Fund’s portfolio may be allocated to Master Limited Partnerships (“*MLPs*”). The profitability of such investments depends to a great extent upon correctly assessing the future course of the price movements and income streams of MLPs, and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements or income streams. With respect to the investment strategy utilized by the Funds, there is always some, and occasionally a significant degree of, equity market risk (including from the broad equity market as well as the energy sector) and fixed income market risk.

Although MLPs units are publicly traded securities, current regulatory restrictions limit their ownership. Because of restrictions against mutual funds and other regulated investment companies, institutional ownership of MLPs is generally substantially less than it is with publicly listed corporations. As such, common units are held predominantly by retail investors and generally have less liquidity than the common stock of major or similarly sized corporations. Because of their relative illiquidity, a large seller or buyer may have an impact on a unit’s price. Similarly, equity offerings have tended to cause a drop in unit prices. Because of an MLP’s relatively illiquid nature, its unit price does not always accurately reflect the fundamentals of the underlying MLP. As a result, short-term price dislocations can be found within the MLP asset class from time to time.

MLPs engaged in crude oil and natural gas exploration, development or production, natural gas gathering and processing, crude oil refining and transportation and coal mining or sales may be directly affected by their respective natural resource commodity prices. The volatility of, and interrelationships between, commodity prices can also indirectly affect certain other MLPs due to the potential impact on the volume of commodities transported,

processed, stored or distributed. Some MLPs that own the underlying energy commodity may be unable to effectively mitigate or manage direct margin exposure to commodity price levels. The prices of MLP securities can be adversely affected by market perceptions that their performance and distributions or dividends are directly tied to commodity prices. Prices could also be adversely affected by distribution reductions due to lower commodity prices.

Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks (described further below), (ii) the limited ability to elect or remove management or the general partner or managing member, (iii) limited voting rights, except with respect to extraordinary transactions, and (iv) conflicts of interest between the general partner or managing member and its affiliates, on the one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities.

The profitability of MLPs could be adversely affected by changes in the regulatory environment. MLPs are subject to significant foreign, federal, state and local regulation in virtually every aspect of their operations, including with respect to how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Such regulation can change over time in both scope and intensity.

There is an inherent risk that MLPs may incur environmental costs and liabilities due to the nature of their businesses and the substances they handle. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the compliance costs of MLPs, and the cost of any remediation that may become necessary. MLPs may not be able to recover these costs from insurance.

Certain MLPs are dependent on their parents or sponsors for a majority of their revenues. Any failure by an MLP's parents or sponsors to satisfy their payments or obligations would impact such MLP's revenues and cash flows and ability to make distributions. Moreover, the terms of an MLP's transactions with its parent or sponsor are typically not arrived at on an arm's-length basis, and may not be as favorable to the MLP as a transaction with a nonaffiliate.

The operations of MLPs are subject to many hazards and risks which could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and might result in the curtailment or suspension of their related operations. Not all MLPs are fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect an MLP's operations and financial condition.

More information about the risks involved can be found in the Funds' offering documents.

Potential risks associated with investing in Brasada's subadvised accounts include the following:

Call Risk. If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the account(s) in securities bearing the new, lower interest rates, resulting in a possible decline in the account(s) income and distributions to shareholders.

Credit Risk. The issuer of instruments in which the account(s) invests may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

High Yield Bond (Junk Bond) Risk. Junk bonds involve a greater risk of default or price changes due to changes in the credit quality of the issuer. The values of junk bonds fluctuate more than those of high-quality bonds in response to company, political, regulatory or economic developments. Values of junk bonds can decline significantly over short periods of time.

Income Risk. The income you receive from an underlying account(s) is based primarily on prevailing interest rates, which can vary widely over the short- and long-term. If interest rates drop, your income from an underlying account(s) may drop as well.

Intermediate Dollar-Weighted Average Life Risk. Market prices of municipal securities with intermediate lives generally fluctuate more in response to changes in interest rates than do market prices of municipal securities with shorter lives but generally fluctuate less than market prices of municipal securities with longer lives.

Interest Rate Risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on their individual characteristics, including duration.

Liquidity Risk. The account(s) may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

Management Risk. The investment techniques and risk analysis used by the account(s)' PM may not produce the desired results.

Market Risk. The prices of and the income generated by the account(s)' securities may decline in response to, among other things, investor sentiment, general economic and market conditions, regional or global instability, and currency and interest rate fluctuations.

Municipal Securities Risk. Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions may affect the municipal security's value, interest payments, repayment of principal and the account(s)' ability to sell it. Failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value. In addition, there could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on

municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

Reinvestment Risk. Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested at an interest rate below that on the original bond.

Potential risks associated with investing in Brasada's separately managed accounts include the following: (the description of each of these risks can be found above in the Funds section)

- Diversification
- Investment judgment
- Reliance on third party research
- Portfolio turnover
- Exchange traded funds or other similar instruments
- MLPs.

C. Brasada's Funds and separately managed accounts do not primarily recommend a particular type of security. Brasada's subadvised accounts invest substantially in municipal bonds. Risks associated with investments in municipal bonds are outlined above in Item B for subadvised accounts.

Item 9 Disciplinary Information

There have been no legal or disciplinary events affecting Brasada or its employees that are material to the evaluation of Brasada by an investor or prospective investor.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Brasada nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Brasada nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or any other position with the foregoing entities.
- C. Neither Brasada nor any of its management persons have any material relationship with any related person described below:
 - 1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
 - 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund

3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

- D. Brasada does not recommend or select other investment advisers for its clients nor does it have any business relationships with those advisers that might create a material conflict of interest.

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

- A. Brasada has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act.

The following basic principles guide all aspects of Brasada's business and represent the minimum standards to which Brasada expects employees to adhere:

1. Brasada's clients/investors' interests come before employees' personal interests and, except to the extent otherwise provided in the Funds offering documents, before the Firm's interests;
2. Brasada must disclose fully all material facts about conflicts of which it is aware between the Firm's and its employees' interests on the one hand and clients'/investors' interests on the other;
3. Employees must operate on Brasada's and their own behalf consistently with Brasada's disclosures to and arrangements with clients/investors regarding conflicts and its efforts to manage the impacts of those conflicts;
4. Brasada and its employees must not take inappropriate advantage of the Firm or their positions of trust with or responsibility to clients/investors;
5. Brasada and its employees must always comply with all applicable securities laws.

It is each employee's duty to consider and adhere to these principles in all of his or her activities that involve Brasada and its clients/investors and to report to the CCO any activities he or she believes may constitute or involve a violation of any law or any provision of this Code.

If requested, Brasada will provide at no cost a copy of its Code of Ethics to investors or prospective investors. .

- B. Typically Brasada does not recommend securities to clients that it or its related persons have a material financial interest. If the situation occurred, the proposed transaction would be reviewed and allowed if it would be in the best interests of the clients/investors and if it didn't violate any laws or create an appearance of impropriety.
- C. From time to time, Brasada and its employees may have interests in securities that are recommended to clients. Brasada may purchase or sell for its clients, securities of an issuer in which Brasada or its employees also have a position or interest. Brasada's Code of Ethics contains policies and procedures that seek to ensure that all personal securities trading by Brasada's employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.
- D. Brasada and its employees may invest in securities in which Brasada has invested clients' assets, but only if those securities are permitted by Brasada's policies and procedures and pre-cleared in those instances required by these policies. Before pre-approving the proposed transaction, some of the factors which are reviewed include:
- Whether the transaction represents an investment opportunity that should be offered to the Firm's client accounts before employees take advantage of it;
 - Whether the transaction involves a security that is being bought or sold for clients or is being considered for purchase or sale on behalf of clients;
 - Whether the transaction might create an appearance of impropriety.

If a conflict arises, Brasada makes decisions in the best interest of its clients over itself or a related person.

Item 12 Brokerage Practices

- A. Brasada selects brokers for its direct securities transactions based on a number of factors, including the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services and other services considered by Brasada to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Brasada's other selection criteria.

1. *Research and other Soft Dollar Benefits:* The term “soft dollars” refers to the receipt by an Adviser of products and services provided by brokers, without any cash payment by the Adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Adviser. The products and services available from brokers include both internally generated items as well as items acquired by the broker from third parties. Section 28(e) of the United States Securities Exchange Act of 1934, provides a “safe harbor” to Advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Adviser in the performance of investment decision-making responsibilities. It is the policy of Brasada to limit such use of soft dollars to fall within the safe harbor of Section 28(e) of the Exchange Act or otherwise reasonably related to the investment decision making process.

Research services may include both services generated internally by a broker’s own research staff and services obtained by the broker from a third party research firm. Research may include reports and analyses concerning specific issuers, industries or sectors; market, financial and economic forecasts and other data; and statistics and pricing services. It may also include hardware, software, databases, and telecommunications services, equipment and facilities (such as quotation equipment and telephone lines) that are used by Brasada for research purposes.

The use of the Funds’ brokerage commissions to obtain investment research services and other expenses may create a conflict of interest between Brasada and the Fund(s), because the Fund’s may pay for products and services that may not be exclusively for the benefit of the Fund(s). To the extent that Brasada is able to acquire products and services without expending its own resources (including management fees paid by the Funds), Brasada’s use of “soft-dollars” would tend to increase Brasada’s profitability. In addition, the availability of any non-monetary benefits may influence Brasada to select one broker rather than another to perform services for the Funds. The Funds’ Partnership Agreement and Investment Management Agreement specifically authorize these practices to the fullest extent permitted by law.

- a. As stated above, the use of the funds’ brokerage commissions to obtain research or other products and services benefit Brasada from the perspective that Brasada obtains these additional products and/or services at no cost to Brasada.
- b. Brasada may have an incentive to select a broker-dealer for the Funds based on Brasada’s interest in receiving their research or other products and services; however it will only do so when the commission rate charged by the broker-dealer is competitive when compared to Brasada’s other brokers offering similar services.
- c. Brasada is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if Brasada determines such prices or commissions are reasonable in relation to the overall services provided.

- d. Soft dollar benefits are used to service both Funds and are allocated proportionately based on where the credits were generated. These soft dollar benefits are not used to service Brasada's subadvised or separately managed accounts.
- e. Third Party Research:

Arms Advisory	<p>Richard W. Arms, Jr. is a financial consultant to institutional investors. He is a noted expert in the field of technical and market analysis.</p> <p>The Arms Index is a market indicator that shows the relationship between the number of stocks that increase or decrease in price (advancing/declining issues) and the volume associated with stocks that increase or decrease in price (advancing/declining volume).</p> <p>It is calculated by dividing the Advance/Decline Ratio by the Upside/Downside Ratio. The Arms Index was developed by Richard Arms in 1967. Over the years, the index has been referred to by a number of different names. When Barron's published the first article on the indicator in 1967, they called it the Short-term Trading Index. It has also been known as TRIN (an acronym for TRading INdex), MKDS, and STKS.</p> <p>Richard Arms' revolutionary theories have changed the way investors perceive the market. His expertise in the field of technical analysis has had significant impact, evidence of this fact is his Equivolume charting system is now part of the most popular stock and futures software, and his Arms Index - also known as the Short-Term Trading Index or TRIN - has become one of the most important technical tools of Wall Street.</p>
Behind the Numbers	<p>Behind the Numbers provides its subscribers a wide breadth of industry coverage, including Industrials, Financial Services, Homebuilders, Health Care, Retail, Consumer Products, and Technology. They perform in-depth analysis of company fundamentals, looking for aggressive accounting, poor business models, and where they believe Wall Street has extrapolated positives while downplaying negatives. Clients receive emails when new issues, such as <i>Warnings</i> or <i>Live Updates</i> are available on our website, with bullet-point summaries of our thesis for each company. All of our reports are published in PDF format, and clients have the ability to search our entire database of current and past reports.</p>
Bloomberg L.P.	<p>Connects decision makers in business, finance and government to a broad and dynamic network of information, news, people and ideas that enables faster, more effective</p>

	decisions.
Empirical Research	<p>Founded in 2002 with the aim of providing high quality research on a wide range of topics of interest to institutional investors.</p> <p>Selected as one of Wall Street's top providers of portfolio strategy and quantitative research in Institutional Investor's All-American Research Poll each year since 2003.</p>
Goldman Sachs Exec. & Clearing	Goldman Sachs Execution & Clearing, L.P. is at the forefront of advanced technology offering interactive tools and services to not only grow our clients business, but to maximize their performance in this increasingly complex and dynamic environment.
Lowry Research Corp	<p>Lowry on-Demand Offers:</p> <ol style="list-style-type: none"> 1. A Comprehensive, Detailed Analysis and Commentary of the Major Market Trends. 2. A Daily Review of the Short Term Trends of the NYSE and NASDAQ. 3. An Analysis of Ten Major Market Sectors. 4. An In-Depth Review of Fifty Primary Industry Groups. 5. Charts and Technical Ratings on a broad range of stocks. 6. Screens of Buy and Sell Ideas.
Ned Davis	An independent financial research firm providing unbiased investment research and investment management to global institutional investors.
NYSE Market Inc.	NYSE / Amex data and services
Option Price Reptg Author Mkt Data	The Options Price Reporting Authority (OPRA) provides, through Market Data Vendors, last sale information and current options quotations from a committee of Participant Exchanges designated as the Options Price Reporting Authority.
Street Account	StreetAccount LLC provides real time equity market intelligence services for institutional investors.

Sell Side Proprietary Research:

- Capital One Southcoast
- CS First Boston
- First Union
- Friedman Billings
- Global Hunter
- Goldman Sachs
- ISI Group
- Jefferies
- JP Morgan
- Keybank
- Maxim Group

- Merrill Lynch
- Morgan Stanley
- Oppenheimer & Co.
- RBC Capital Markets
- Raymond James
- Sandler O'Neill
- Sidoti & Co.
- Sterne Agee
- Stifel Nicolaus
- Wells Fargo Securities

f. During Brasada's last fiscal year, designated transactions executed through the Funds' prime broker generated the soft dollar benefits that Brasada received.

2. Brokerage for Client Referrals: Brasada does not direct transactions to broker dealers in return for client referrals.

3. Directed Brokerage:

a. Brasada does not routinely recommend, request or require that its clients direct Brasada to execute transactions through a particular broker-dealer, understanding that directed brokerage may be unable to achieve the most favorable executions.

b. Understanding that directed brokerage may be unable to achieve the most favorable executions, Brasada's subadvised and separately managed account investors may instruct Brasada to direct brokerage on a case by case basis.

B. Brasada manages two equity Funds with different strategies and objectives. Both Funds are run independently of one another with each Fund's positions traded by its respective manager. The overlap in security holdings is minimal and rarely do the two Funds transact in the same security at the same time. In situations where Brasada has determined it is in the best interest of the Funds to aggregate a trade; such orders will be allocated on a pro rata basis based on the size of the Funds' order.

Trades in Brasada's subadvised accounts with the same investment strategies and objectives are aggregated and allocated on a pro rata basis based on the size of the accounts' assets.

Trades in Brasada's separately managed accounts are not aggregated but are executed on a rotational basis with each other.

Item 13 Review of Accounts

A. Outside of the PM's daily responsibilities, the two Fund portfolios are reviewed weekly and the separately managed accounts are reviewed monthly by the four principals. Mark Edward McMeans (CEO), Ronald Philip Stein (Director of Trading), James Gabriel Birdsall (Portfolio Manager) and Robert Charles Leslie (Portfolio Manager) review the

portfolios in a manner consistent with investment goals of the Funds as stated in the Funds' offering memorandum.

Outside of the PM's daily responsibilities, the CEO and Director of Trading review the subadvised accounts on a monthly basis.

- B. The client portfolios may be reviewed more frequently by the principals if triggered by changes in the market or significant changes in the portfolio holdings.
- C. The Funds receive daily reports from the prime broker detailing cash, positions, tax lots, realized gains and losses, and other fund attributes. The Fund investors receive monthly performance reports from the outside administrator. Brasada's other clients have access to portfolio data on a daily basis and receive monthly portfolio statements.

Item 14 Client Referrals and Other Compensation

- A. There are no arrangements whereby an outside party provides an economic benefit to Brasada for providing investment advice or other advisory services to the clients.
- B. Brasada and a related person, Brasada Capital Partners, LP have entered into a solicitation arrangement with an outside party. As compensation for such services, Brasada and its related persons have reduced the management and performance fees for the accounts which the solicitor brings to Brasada.

Item 15 Custody

A qualified custodian provides monthly account statements to the Funds. These statements provide all activity processed for the Funds during the month including purchases, sales, fund expenses, and any subscription and/or redemption activity. These statements are reviewed carefully by Brasada.

Investors in the Funds receive account statements monthly from the outside administrator hired by Brasada. These account statements provide detail of the Investors account, including beginning capital, capital additions or withdrawals, investment gains or losses and ending capital for the period.

Brasada does not have custody for its subadvised accounts or separately managed accounts.

Item 16 Investment Discretion

Brasada accepts discretionary authority to manage securities on behalf of its clients. This authority is outlined in each clients offering documents or agreements. As stated in Item 4(c), clients may not impose restrictions on investing in certain securities or types of securities.

Item 17 Voting Client Securities

Brasada treats voting rights of securities held by its clients in a manner that is in the investors best interest; first determining whether to exercise the client's voting rights with respect to a specific security, and secondly, evaluating the matters on which a vote is solicited, in light of the clients investment objectives for that security. Some factors used in determining whether or not to exercise voting rights include:

Holding Period of Positions. The extent to which securities are purchased to take advantage of short-term market opportunities or for the potential for long-term appreciation.

Economic Value of Positions. The magnitude of the value of the client's economic interest in the proposal or in the value of the portfolio holding relative to the overall portfolio.

Cost of Voting. Whether the cost of voting on a proposal (e.g., required in-person voting in a distant location) would likely exceed the value of any anticipated benefits of approving or defeating the proposal.

Impracticability. Whether the timing of receipt and/or the mechanics of voting make it impracticable to vote.

Securities Lent. Whether the custodian has lent the securities (which, therefore, have been transferred into the borrower's name) and has not recalled those securities as of the record date or the vote date relating to the proxy proposals.

Other factors that are relevant to the portfolio may be taken into account as well.

The PM will make all determinations as to how to vote proxies related to securities in their portfolio, as long as they are not aware of any conflicts of interest in connection with any of the proxy voting determinations being submitted. If conflicts of interest do exist, the PM will consult with the principals of Brasada to make a decision on that particular vote. Examples of potential conflicts of interest include:

- Voting in accordance with the PM's recommendation where the proxy company or one of its affiliates has a relationship with Brasada or an investment in any product managed by Brasada.
- Brasada having a material business relationship with a proponent of a proxy proposal, participants in a proxy contest or directors/nominee directors of a portfolio company.
- An employee of Brasada having a personal interest in the outcome of a particular proxy proposal.

Brasada's proxy policy is available to investors upon request. Further, investors may request a record of how proxies have been voted on their behalf.

Item 18 Financial Information

- A. Brasada does not solicit prepayment of fees six months or more in advance.
- B. Brasada is not aware of any conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.
- C. Brasada, nor its related persons, have been the subject of a bankruptcy petition at any time during the past 10 years.