



**YATALIE CAPITAL MANAGEMENT CO.
PART 2A OF FORM ADV**

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This brochure provides information about the qualifications and business practices of Yatalie Capital Management Co.. (YCM). If you have any questions about the contents of this brochure, please contact us at 1888-237-9749. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Item 2. Material Changes

None

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Item 4. Advisory Business

Yatalie Capital Management, (hereinafter “YCM” or the “Adviser”) is an investment advisory firm with its principal place of business in Charlotte, NC and was founded in 2010.

YCM provides investment supervisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts (collectively, “Managed Account Clients”). YCM generally limits its investment advice to investments in U.S. and global public equities and fixed income securities.

For Managed Account Clients, YCM offers three different investment programs, and works with each Managed Account Client to establish which program would be most appropriate. The three programs include:

1. **Diversified Equity Income:** the Diversified Equity Income platform offers broad exposure to Top quality dividend paying U.S. and global stocks with dividend growth history. The Program aims to provide investors with above average dividend income on an annual basis..
2. **Equity Growth:** the Equity Growth platform invests primarily in small-to-mid capitalization companies and utilizes hedging strategies to protect the down side. This platform seeks above average growth on an annual basis compared to the Russell 3000 growth index.
3. **Conservative growth & Income (CGI):** this platform invests in top quality undervalued companies with low volatility and dividend growth prospects. The program seeks to provide investors with a balanced mix of growth and dividend paying stocks.

YCM does not tailor advisory services within each investment program to the individual needs of clients. Clients cannot impose restrictions on YCM’s management of their accounts within each investment program.

Item 5. Fees and Compensation

Accounts opened in mid-year may be assessed at a pro-rated management fee. Fees are payable monthly in advance and such fees generally shall be deducted from Managed Account Client's account(s) monthly, within thirty (30) days following the end of the quarter for which said fees will be incurred. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the management agreement goes into effect and shall be based on initial assets under management. Fees are generally not negotiable; however, YCM may waive or negotiate lower fees for certain Managed Account Clients, such as charitable organizations, employees' family members or clients with multiple accounts. Fees are subject to change with 30 days written notice. In the event of termination of this Agreement, the client will generally be entitled to a prorated refund of any pre-paid management fee based upon the number of days remaining in the quarter after the termination date; however, to the extent that there are private or illiquid securities remaining in the client's account after the termination date, the management fees and performance fees shall continue to be due and payable thereon.

YCM charges its Managed Account Clients fees based on the following schedule:

Managed Account program:

The management fee is 3.0% on first \$250,000 in net assets under management, and 2.5% on net assets under management above \$250,000. Fees are charged on an annual basis, monthly in arrears plus a performance fee of 20% of net asset gains on an annual basis for qualified clients. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with us.

Termination

Clients who elect to terminate their contracts within 12 months of account opening will be charged a termination fee of 10.0% of assets at time of account termination.

Other Fees and Expenses

Monthly Administrative Fee. YCM CO. receives, on a monthly basis, an administrative fee equal to one percent (1.0%) of Capital Appreciation in assets or a flat fee of \$35 whichever is less in the immediately preceding calendar month. New clients enrolled in the Managed account program may incur an initial fee of 2% to 3% upon opening of new account.

A fee of per trade unit may be charged to accounts with asset levels less than \$100,000. The formula for calculating such a fee is 0.25% of amount traded, for example a single trade in which \$10,000 is being traded would incur a fee of \$25 aside from regular broker commissions.

Referrals

YCM pays a referral fee to non-employee personnel who introduce clients to our investment advisory services, of 0.4% of the initial investment and 0.15% annually based on portfolio market value as compensation for solicitation services. Clients do not pay more for advisory services as a result of being referred by these individuals.

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

YCM provides investment management services to multiple portfolios for multiple clients. YCM is paid performance-based compensation by Managed Account Clients in the Premium Program. YCM and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When YCM and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. YCM and its investment personnel have a greater incentive to favor client accounts that pay YCM (and indirectly the portfolio manager) performance-based compensation or higher fees.

YCM has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. YCM reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, YCM's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities generally based on available cash as a percentage of total assets under management in the account, subject to tax considerations, odd lots, and other applicable investment guidelines and restrictions and require that, to the extent orders are aggregated, the orders are generally price-averaged. These areas are monitored by YCM's Chief Compliance Officer.

Item 7. Types of Clients

YCM primarily provides customized investment management services to high net-worth individuals and their associated trusts, estates, pension and profit sharing plans, as well as certain other business entities. The Adviser's minimum account size is generally \$100,000, but this amount is negotiable.

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

YCM utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental analysis and cyclical analysis,

as well as use of quantitative tools and investment approaches. The analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses of the issuer;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

YCM employs the following investment strategies:

Equity. YCM's equity strategies focus on a broad range of equity investment styles, including growth, core, and value, as well as blended portfolios. Most Managed Account Client accounts focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages Managed Account Client accounts that are multi-national.

Buy and Hold. The Adviser engages in buy and hold investment strategies wherein it buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

Fundamental Value. The Adviser engages in fundamental value investment strategies wherein it attempt to invest in asset-oriented securities it believes are undervalued by the market.

Growth. YCM engages in growth investment strategies wherein YCM attempts to select securities of a company whose earnings YCM expects to grow at an above-average rate compared to the company's specific industry or the overall market.

Option Trading. YCM engages in option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: call and put writing, covered calls.

Short Selling. YCM engages in short selling strategies. In a short sale transaction, YCM may sell a security not owned in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities and (ii) for potential profit.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following are certain risks of investment:

Fixed-Income and Debt Securities. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Investments in low-rated or unrated debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Options Risk. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Short Selling Risk. Short selling transactions involve the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein a portfolio might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Item 9. Disciplinary Information

This item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

None

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

Code of Ethics

YCM has adopted a Code of Ethics to ensure that securities transactions by YCM employees are consistent with its fiduciary duties to their clients and to ensure compliance with legal requirements and standards of business conduct. The Code of Ethics requires that employees obtain prior approval for personal securities transactions and requires quarterly reporting of such transactions. Written copies of the Code of Ethics are available upon request.

Investing in Securities Recommended to Clients

All YCM principal and employee trades will be reviewed by the Chief Compliance Officer (“CCO”) or an employee designated by the CCO. YCM principals and employees may purchase or sell the same securities for their personal accounts and accounts of their families on the same day that those securities are being purchased or sold by Managed Account Client accounts that they manage. Trades for principals and employee personal accounts may be aggregated with trades for other clients. If an order is partially filled, Managed Account Clients will have their orders fully filled prior to employees.

To prevent conflicts of interest, all employees of YCM must comply with the firm’s Code of Ethics, which imposes certain restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Employees involved in the YCM investment recommendation process or their related persons will be required to pre-clear their personal securities transactions (except for transactions in registered open-end investment company securities and/or other exempt transactions) with the firm’s Chief Compliance Officer. YCM will also maintain quarterly reports on all personal securities transactions, except exempt transactions. Further, the firm’s Code of Ethics imposes certain policies and procedures to prohibit

unlawful use of material non-public information and is designed to prevent insider trading by any officer, partner, or associated person of YCM Co.

Conflict of Interest Created By Contemporaneous Trading

YCM Co. or a related person from time to time may recommend securities to clients, or buy or sells securities for client accounts, at or about the same time that such related person buys or sells the same securities for its own account, in accordance with the procedures described above designed to seek to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for such related person to the detriment of the client. In addition, the Adviser has adopted the aggregation policies and procedures discussed in Item 12.

Item 12. Brokerage Practices

Factors Considered in Selecting Broker-Dealers for Client Transactions

As set forth above, YCM Co. utilizes TradePMR as introducing broker; however YCM Co. selects the executing brokers to which YCM Co. routes trade orders. YCM Co. considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, and offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Best Execution Oversight Committee meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

Research and Other Soft Dollar Benefits

YCM Co may receive research or other products or services other than execution from a broker-dealer in connection with Managed Account Client securities transactions. This is known as a "soft dollar" relationship. YCM Co. will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in

connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When YCM Co. uses Managed Account Client commissions to obtain Section 28(e) eligible research and brokerage products and services, YCM Co.'s Best Execution Oversight Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or YCM Co.'s overall responsibilities to the accounts or portfolios over which YCM Co. exercises investment discretion.

The use of Managed Account Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, YCM Co. will not have to pay for the products and services themselves. This creates an incentive for YCM Co. to select a broker-dealer based on its interest in receiving those products and services.

YCM Co. may cause Managed Account Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for such Managed Account Clients.

Research and brokerage services obtained by the use of commissions arising from Managed Account Client portfolio transactions may be used by YCM Co., in its other investment activities, including, and for the benefit of other Managed Account Client and/or Partnership accounts. YCM Co. does not seek to allocate soft dollar benefits to Managed Account Client accounts proportionately to the soft dollar credits the accounts generate.

Order Aggregation

YCM Co. typically aggregate Managed Account Client trades in an effort to treat all of the Managed Account Clients equitably. Managed Account Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, Managed Account Clients will have their orders fully filled based on cash available, i.e., the Managed Account Clients with the highest percentage of cash will be filled on buys first; the Managed Account Clients with the lowest percentage of cash will be filled on sells first.

When trading accounts through one or more broker/dealers, YCM Co.'s trader may choose to place smaller trades ahead of larger trades when the smaller trades are not

expected to materially affect the price or liquidity of the security in question. This practice may result in certain Managed Account Client accounts trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in certain Managed Account Clients experiencing a benefit at the expense of other Managed Account accounts.

Item 13. Review of Accounts

Each managed account is reviewed at least every sixty days to determine if those security holdings in such account should be adjusted. Criteria include performance of the account, operational developments, management changes, financial condition, and the price outlook for various commodities that might affect the future cash flow of those companies. The reviews are conducted by Jeffrey Howard.

Managed Account Clients receive brokerage transaction confirmations and statements on at least a quarterly basis from TradePMR Inc. as custodian. Such reports may be delivered electronically in accordance with the client's agreement with YCM.

Item 14. Client Referrals and Other Compensation

The Adviser may receive certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices.

Item 15. Custody

Clients will receive account statements from TradePMR Inc. on at least a quarterly basis. Clients should carefully review those statements.

Item 16. Investment Discretion

YCM provides investment advisory services on a discretionary basis to clients. Prior to assuming full discretion in managing a client's assets, YCM enters into an investment management agreement or other agreement that sets forth the scope of its discretion.

YCM has the authority to determine (i) the securities to be purchased and sold for the relevant account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the account. Because of the differences in investment objectives and strategies and other criteria, there may be differences among the accounts in invested positions and securities held. YCM may consider the following factors, among others, in allocating securities among accounts: (i) investment objectives and strategies;

Item 17. Voting Client Securities

This item is not applicable.

