

Item 1 – Cover Page

**Lyon Capital Management, LLC**

24B Grove Street  
Pittsford, NY 14534  
Tel: 585-248-9821  
[www.lyoncapital.com](http://www.lyoncapital.com)

March 17, 2014

This Brochure provides information about the qualifications and business practices of Lyon Capital Management, LLC (“the Firm”). If you have any questions about the contents of this Brochure, please contact us at tel: 585-248-9821 or via email at [kate@lyoncapital.com](mailto:kate@lyoncapital.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.

Lyon Capital Management, LLC is registered as an investment adviser with the United States Securities and Exchange Commission (“the Commission”) under the Investment Advisers Act of 1940, as amended (“the Advisers Act”). Registration does not imply a certain level of skill or training.

Additional information about Lyon Capital Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The Firm has made the following changes to its Brochure since it was last filed on January 25, 2013:

- The Firm has added a more complete description of its Advisory Business in Item 4.
- The Firm has clarified Item 5 - Fees and Compensation.
- The Firm has expanded Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
- The Firm has clarified Item 12- Brokerage Practices.
- The Firm made general grammar and style changes for easier readability.

You may request this Brochure by contacting Kate M. Lyon, CFP®, Chief Compliance Officer via telephone at 585-248-9821 or via e-mail at [kate@lyoncapital.com](mailto:kate@lyoncapital.com).

Additional information about the Firm is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives of Lyon Capital Management, LLC.

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## Item 4 – Advisory Business

Lyon Capital Management, LLC (hereafter also known as “the Firm”) was established in 1994 by its principal owner, Douglass C. Lyon, CFA.

### *Investment Advisory Services*

The Firm provides portfolio management services to individuals, trusts, retirement plans and small businesses.

Our services are tailored to each client’s needs. Each client engagement involves the execution of an Investment Advisory Contract. The portfolio management process begins with an evaluation of the specific investment needs of the client, based on but not limited to these factors: the client’s tolerance for risk, investment time horizon, cash flow needs, tax considerations, and such reasonable restrictions as a client may wish to impose on the management of the account. Following an evaluation of a client’s specific needs, an investment plan is formulated, an asset allocation strategy is developed, and the investment portfolio is structured.

Most of the Firm’s clients engage the Firm to manage their investment portfolios on a discretionary basis, which involves the execution of a limited power of attorney, pursuant to which the Firm will select investments that it deems most appropriate for a client’s situation. Client portfolios may include the following types of investments: stocks, municipal bonds, corporate bonds, real estate investment trusts, preferred stocks, U.S. Treasury securities, U.S. Agency securities, mutual funds, exchange-traded-funds, CDs and cash equivalents. The securities purchased are generally traded on major U.S. exchanges.

The Firm monitors securities portfolios on a continuous basis and rebalances portfolios when, in the opinion of the portfolio manager, adjustments are warranted as a result of changing economic or market conditions or other relevant factors, including a change in the client’s circumstances.

Clients hold (or “custody”) their assets with large national brokerage firms. We place account trades through these brokerage firms and, from time to time, with other brokers. Clients have full access to and control over their accounts at all times.

### *Additional Services*

Although portfolio management is our primary service offering, we may also provide the following ancillary services: financial planning, investment consulting, and trustee services on a limited basis. These ancillary services make up less than 3% of our business.

The Firm does not participate in wrap-fee programs.

As of January 1, 2014, the Firm had \$42,583,218 in assets under management, all of which were managed on a discretionary basis as of that date.

## Item 5 – Fees and Compensation

### *Fees for Investment Management Services*

The annual investment advisory fee is calculated as a percent of assets in accordance with the fee schedule set forth below.

1.00% on the first \$1,000,000 under management  
0.75% on the next \$4,000,000 under management  
0.50 of 1% on any amount over \$5,000,000

This fee is paid quarterly, in advance, based on the value of the assets on the last business day of the previous quarter. There is a minimum annual fee of \$2,500 per year which may be waived if permitted in the client's contract and in the sole discretion of management. Circumstances in which the minimum annual fee may be waived include, but are not limited to the following: the client was referred by an existing client; the client is a relative of an existing client; the client is a long-time client of the Firm and the value of their account has temporarily fallen below the minimum asset level. The Firm groups accounts held by members of the same household together for fee calculation purposes. We reserve the right to amend our fee schedule with 60-days notice to the investor.

Investment management fees are negotiable.

The Firm uses a portfolio valuation method that is applied to all accounts for fee calculation purposes. We use a single pricing service (Charles Schwab & Company) to value portfolios. We use the trade date (as opposed to the settlement date) to value portfolio assets. We include accrued interest in the value of fixed income securities. We maintain a Fair Valuation Policy for securities we cannot value using the methods described above.

The Firm deducts investment management fees directly from client accounts. The client has the option to remit payment to us directly rather than have fees deducted from their account.

All of the Firm's investment management fees are exclusive of brokerage commissions, transaction fees and mutual-fund fees. Clients may incur certain additional charges imposed by their custodian, brokers and other third parties. These charges may include but are not limited to: custodial fees, wire transfer and electronic fund fees, mailing fees, insufficient funds fees and other fees and taxes on brokerage accounts and securities transactions that may be levied by the SEC or other regulatory entities. Clients who own mutual funds and exchange-traded funds are assessed fund management fees by the fund company. These fees are disclosed in each fund's prospectus.

The Firm's current contract does not contain a provision for a refund of fees. Some client contracts prior to 2009 do contain a fee-refund provision. Any refund is prorated based on

the number of days that have elapsed in the billing period until the date the contract is terminated. A client may negotiate a fee refund.

We offer a fixed or hourly fee for services outside of the normal investment advisory services provided by the Firm.

A contract may be terminated at any time by either the client or by us with written or verbal notice. An exception to these procedures may occur for estate management (executor) services. For estate management services a contract may not be in place. A prevailing market-rate is billed to the estate at intervals deemed appropriate and in accordance with governing laws and practices.

We do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Clients have the option to purchase investment products we recommend through other brokers or agents that are not affiliated with Lyon Capital Management, LLC.

#### *Fees for Ancillary Services*

As described in Item 4 (Advisory Services), LCM provides certain ancillary services on a limited basis. These services include, but are not limited to: financial planning, investment consulting services related to the investment management process, trustee and estate management (executor) services. Clients pay for these services on a fixed-fee basis or on an hourly rate for the services provided. In either case the fee is negotiated with the client prior to delivery of the service, and is reflected in the contract with the client. If the contract with the client extends beyond 90 days, the arrangement may be structured to require quarterly payments in advance.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Firm does not charge performance-based fees (fees based on a share of capital gains).

### **Item 7 – Types of Clients**

The Firm provides investment management services to individuals, high-net-worth individuals, corporate retirement savings plans, corporate accounts, trusts and estates. The Firm has established a minimum account size requirement of \$250,000, which may be waived. See Item 5 for a description of instances where the minimum fee is waived.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

This section of our Brochure describes the methods of analysis and investment strategies we utilize in formulating investment advice and managing client portfolios, and the material risks involved.

### **METHODS OF ANALYSIS**

The Firm uses both fundamental analysis and technical analysis in connection with its selection of portfolio securities. We make long-term purchases (securities held at least a year) and we make short-term purchase (securities held less than a year). We do not engage in day-trading (a practice where securities are bought and sold quickly, sometimes on the same day). We do not execute short sales. We execute margin transactions in limited circumstances, and usually only when specifically directed by the client to do so. We do not participate in options writing (either covered or uncovered), nor do we use spreading strategies or derivatives.

Our investment strategy can be described a “value-contrarian”. We strive to invest in a diverse group of companies and securities we believe are out-of-favor and undervalued. We invest in U.S. exchange-listed securities and securities traded over the counter. These include: equity securities, United States government securities, corporate debt securities, certificates of deposit, municipal bond securities, mutual-fund shares, shares of exchange-traded-funds, preferred securities and securities of foreign issuers that are traded on major U.S. exchanges.

### **INVESTMENT STRATEGY**

Our investment process generally begins with the development of broad goals for each client. This process involves an evaluation of the specific financial and investment needs of the client, based on but not limited to the following factors: the client’s tolerance for risk, their investment time horizon, cash flow needs, and tax considerations. Once we have evaluated a client’s needs, we formulate investment objectives and structure the investment portfolio.

Our goal in structuring each investment portfolio is to utilize an investment strategy that seeks to achieve the client’s goals at an acceptable level of risk. We attempt to construct investment portfolios that provide favorable risk/reward characteristics based on each client’s financial objectives, investment time horizon, risk tolerance and other relevant criteria. Asset allocation is a primary factor in determining the risk/reward and overall potential portfolio performance. Our investment strategy generally features reducing downside risk. The emphasis on reducing downside risk, however, may have the effect of limiting upside potential in strong markets. Our investment process also takes into account such reasonable restrictions as a client may wish to impose on the management of his or her portfolio.

## RISK OF LOSS

There is a risk to investing. These risks include, but are not limited to:

**Market Risk.** Markets fluctuate. The value of investments may fluctuate as the markets fluctuate and could decline over short- or long-term periods. To help mitigate this risk we develop diversified portfolios of securities.

**Asset Allocation Risk.** Investments are subject to asset allocation risk. Investments that are allocated between cash, fixed-income and equity securities may have a significant effect on returns when one of these asset classes is performing poorly relative to the others. To help mitigate this risk we assess a client's risk tolerance, evaluate the past performance of asset classes, determine the client's investment time horizon and agree upon an optimum asset allocation with and for the client.

**Interest Rate Risk.** Investments are subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. To help mitigate this risk we develop a portfolio of fixed-income securities with varying maturities.

**Credit Risk.** Investments are subject to credit risk. An issuer's credit quality depends on its ability to pay interest on and repay its debt and other obligations. There is also the risk that credit agencies who assign ratings to certain securities may incorrectly evaluate the risk of default. To help mitigate these risks we develop a diversified portfolio of securities that includes the securities of multiple issuers.

**Inflation Risk.** This is the risk that the value of assets or income from investments will be worth less in the future. To minimize this risk we may add U.S. Treasury Inflation Protected Securities (T.I.P.S.) to a tax-exempt portfolio. We may add other securities that are considered inflation hedges in taxable portfolios.

**Investment Adviser Risk.** There is a material risk involved in our investment strategy. This is the risk of loss or the risk that our management approach may be unsuccessful. To minimize this risk we build balanced and diversified portfolios. Unless directed specifically by a client, we invest in multiple asset classes and in multiple securities within those asset classes. We evaluate the companies and entities that issue the securities by analyzing the following: their public disclosures, their financial statements, their projections for future growth, their management teams, their business characteristics, their industry characteristics and the economic environment in which they operate.

Investing in securities involves a risk of loss that clients should be prepared to bear.



## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that could be material to evaluation of them or the integrity of their management team.

Lyon Capital Management, LLC has no incidents applicable to this item. We have had no legal or disciplinary events.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The Firm is solely engaged in the business of providing investment advisory services and limited ancillary services related to that advice. Ancillary services are described in Item 4 of this brochure.

The Firm recommends a primary broker and custodian to its clients. This broker/custodian (the Institutional division of Charles Schwab & Co., Inc., referred to here as “Schwab”) is a registered broker-dealer. Schwab maintains custody of a majority of the Firm’s clients’ assets and places trades at our direction for client accounts.

The Firm also uses alternative brokers to place trades. Alternative brokers are used primarily when a security we wish to buy or sell is not available from Schwab or is not available at a competitive price.

Charles Schwab and Company is not affiliated with Lyon Capital Management, LLC. Lyon Capital Management, LLC is independently owned and operated. Schwab provides the Firm with access to its institutional trading and custody services, which are typically not available to their retail investors. These services are available to independent investment advisors like us on an unsolicited basis and at no charge to us as long as total client assets held with Schwab are over \$10 million. Schwab services are not otherwise contingent upon the Firm committing any specific amount of business to Schwab. Schwab’s services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment or fee for our clients.

Schwab does not charge the Firm for custody but is compensated by clients of the Firm through commissions on trades or other transaction-related fees executed through Schwab or that settle into client accounts.

Schwab makes available to us other products and services that benefit clients but may not be of benefit to all of our client accounts. Some of these other products and services assist us in managing and administering client accounts. These products and services include software and other technology that give us access to client account data, facilitate trade execution, provide research and pricing information and other market data, facilitate payment of our fees and assist us with back-office functions, record keeping and reporting.

While we endeavor to act in our clients' best interests, the Firm's recommendation that clients maintain their assets in accounts with Schwab is based in part on the benefit to us of the availability of the products and services mentioned above and not solely on the nature or cost of brokerage services provided by Schwab. Some of these products and services benefit all of our clients. For example, research obtained from Schwab or any other broker is used for all client accounts.

To manage any conflict of interest presented by recommending Schwab as a custodian in exchange for the beneficial business services provided and described above, we disclose our relationship with Schwab verbally with clients and in this brochure. We give this brochure to all new clients and offer it to existing clients annually. Clients have the option to use an alternative custodian and/or broker and some clients take advantage of this option.

The Firm does not receive any other compensation directly or indirectly from any other investment advisors or broker/dealers for services provided to our clients.

## **Item 11 – Code of Ethics**

The Firm has adopted a Code of Ethics for all supervised persons of the Firm. It describes our high standard of business conduct, and fiduciary duty to our clients. It includes provisions related to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the Firm's Code of Ethics is available, on request, to any client or prospective client by contacting our Chief Compliance officer, Kate M. Lyon CFP® at tel: 585-248-9821 or by sending an email to: [kate@lyoncapital.com](mailto:kate@lyoncapital.com). The Firm offers a copy of its Code of Ethics to existing clients annually. The Firm believes that by personally owning the same securities our clients own, we demonstrate faith in our investment style and abilities. Often the same securities owned by clients are owned by the employees of the Firm. Trades made by employees in securities also held by clients are completed after trading for client accounts. Not all securities owned by clients are owned by firm employees. Not all securities owned by firm employees are owned by our clients. This is because securities owned in client accounts are part of an individualized portfolio management plan. The firm maintains a personal trading policy that requires employees of the Firm to keep on file with the Firm a record of all securities transactions made in personal accounts.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Firm do not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Nonetheless, because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a very remote possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of

Ethics to reasonably prevent conflicts of interest between Lyon Capital Management, LLC and its clients.

## **Item 12 – Brokerage Practices**

Factors we consider when we select or recommend a broker:

We encourage our clients to utilize the services of a custodian and broker who will hold assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including but not limited to the following:

- Efficient execution of transactions
- Accurate record keeping
- Attention to a client's needs
- Size and reputation
- Asset custody services (generally without a separate fee for custody)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth and scope of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and related tools that may assist us in making investment decisions such as independent research reports or webinars.
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Availability of other products and services that benefit the Firm and/or its clients, as discussed below

### **Research and Other Soft Dollar Benefits**

A soft dollar transaction is one in which an investment advisor receives research or other products and/or services, other than trade execution, from a broker-dealer or a third party in connection with client securities transactions.

We have an incentive to select or recommend Charles Schwab & Company (Schwab) as a custodian and broker for most of our clients' assets based on our interest in receiving the research and other products or services that Schwab offers, and not solely on your interest in receiving the most favorable execution.

We have, however, determined that having Schwab execute most client trades is consistent with our duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on *all* relevant factors, including those listed above.

## **Services That Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some the Firm might not otherwise have access to or that would require a significantly higher minimum initial investment by our clients. We believe the services provided by Schwab generally benefit clients and client accounts.

## **Services That May Not Directly Benefit You**

Schwab also makes available to the Firm other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administration of client accounts. They include both proprietary and third-party investment research. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting

## **Services That Generally Benefit Only Us**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

## **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to compensate Schwab for the various products and services they make available to us as long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab (Minimum Custody Requirement). Once that Minimum Custody Requirement has been satisfied, the availability of these services is not contingent upon a commitment of any specific amount of business to Schwab in trading commissions or assets in custody. We acknowledge that a Minimum Custody Requirement provides us with an incentive to recommend you maintain your account with Schwab.

We recognize there is a potential conflict of interest between our interest in receiving these products and services and your interest in receiving the best value in custody. The Firm's practice of recommending Schwab for our clients may in some rare instances cause clients to pay commissions higher than those charged by other broker-dealers in return for the various benefits described in this Item 12.

#### Brokerage for Client Referrals

The Firm does not recommend any broker-dealer to clients based on an interest in receiving client referrals. Nor does the firm participate in any referral program with any brokerage firm.

#### Directed Brokerage

The Firm recommends that clients utilize Charles Schwab & Company for custody of assets and execution of portfolio transactions. The Firm's financial incentive to recommend Schwab for these purposes is described in Item 10 and elsewhere in this Item 12. Not all advisers require or ask their clients to direct their brokerage.

From time to time the Firm may utilize the services of other brokers for trade execution. Situations in which the Firm might utilize the services of another broker-dealer include, among others, circumstances where a security the Firm wants to buy or sell is not available through Schwab or is not available at a competitive price. The Firm may also utilize the services of other brokers when a client has no other option. For example, in some cases a client may ask us to manage a retirement plan account established by their employer with another broker. In that instance we establish a relationship with the employer's broker and place trades through that broker.

The Firm has a limited ability to negotiate the commission rates paid by clients because Schwab has standard commission schedules for clients of investment advisors like the Firm. We may be further limited in our ability to negotiate a commission rate if the client directs the Firm to use an alternative broker (through their employer) because we do not do a majority of our trading with that broker. Nevertheless, commission rates paid by clients who use the Schwab trading platform may vary. For example, clients who agree to accept electronic delivery of account statements and trade confirmations may pay lower commission rates on equity trades. If a client has household assets held with Schwab that exceed \$1 million they may pay lower equity commission rates. The Firm makes clients aware of their ability to obtain lower commission rates with Schwab through mailings, meetings and through the delivery of this document.

Clients have the ability to require the Firm to direct their brokerage to a particular company. Clients wishing to "direct" brokerage transactions should be aware that our Firm is likely to be limited in its ability to negotiate a commission rate because of our limited trading volume with other companies. The Firm believes portfolio transactions placed with Schwab are generally executed at lower commission rates than rates paid by those who have directed their brokerage to another company. Clients and prospective clients should be aware that most clients of the Firm utilize the services of Schwab, and that transactions

for clients who direct their brokerage to another company are completed after transactions placed in accounts held with Schwab. Sometimes this may result in clients paying or receiving different prices for the same security. Clients that direct their brokerage will also not receive the benefits of aggregate or block trading.

We notify clients who elect “directed brokerage” at the inception of the client relationship and periodically thereafter that “directed brokerage” arrangements generally limit the Firm’s ability to achieve best execution, to negotiate commissions, to participate in block trades and to take advantage of the benefits provided by Schwab.

### Trade Aggregation

Whenever we have the opportunity to do so the Firm will aggregate the purchase or sale of securities for client accounts. This is called “block trading”. Block trading (placing multiple trades for multiple clients as a group at the same time) occurs when we have made a decision to buy or sell a security for multiple client accounts. Aggregation allows the broker to complete trades at a more advantageous market price for the client.

## Item 13 – Review of Accounts

The Firm reviews client accounts no less frequently than every two weeks. We check asset allocation percentages and the attractiveness of holdings. Additional account review may be triggered by news that significantly affects the value of a holding, the call or redemption of a holding, or notification by a client of changed circumstances. Accounts are reviewed by Douglass C. Lyon, CFA the primary reviewer for all accounts and by Kathleen M. Lyon, CFP® a secondary reviewer.

All clients receive delivery of, or have electronic access to, monthly statements of their account assets and activities from their custodian. We also provide twice-yearly reports that include a statement of account assets and a statement of performance. On a yearly basis we provide clients with a statement of account assets, performance, gains and losses (if the account is taxable), and fees and expenses.

Clients whose assets are managed on a non-discretionary basis, or whose assets are held with a custodian selected by the client’s employer and are held in the form of a 401(k), 403(b) or HSA will not receive these standard reports from the Firm. In such situations the role of the Firm is solely to select mutual funds for the client. Statements are available to the client from their custodian.

We provide clients with any other reports as needed or requested.

## Item 14 – Client Referrals and Other Compensation

Lyon Capital Management, LLC does not receive any economic benefit from referrals from any person or group for providing advisory services to clients. Lyon Capital Management, LLC does not directly or indirectly compensate any person or group for client referrals.

## **Item 15 – Custody**

Lyon Capital Management, LLC does not take custody of client funds.

Clients receive, at least quarterly and in most cases monthly, statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements we provide.

The current value of an account on a client statement may be higher than the current account value listed on a custodian's statement. This is because we report accrued income for certain fixed income securities. Accrued income is income a client has earned but not yet received. Our statements may also vary from custodial statements because of a difference in accounting procedures, reporting dates, or valuation and pricing methodologies of certain securities.

## **Item 16 – Investment Discretion**

Lyon Capital Management, LLC receives discretionary authority from clients at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is exercised in a manner consistent with agreed upon investment objectives for the account. When we select securities and determine amounts of those securities to be bought or sold, Lyon Capital Management, LLC adheres to the investment goals, limitations and restrictions of the client.

Discretionary authority to execute transactions in client accounts is assigned when a client opens an account with their custodian. In order to execute transactions in a client account the custodian requires the client give Lyon Capital Management, LLC a limited power of attorney to act on the client's behalf. This limited power of attorney is executed with the custodian so that Lyon Capital Management, LLC may buy and sell securities in the account, deduct investment management fees from the account and request the distribution of client assets directly to the client. A client may elect not to have fees directly deducted from their account and may remit payment to us directly. The client may also elect not to give Lyon Capital Management, LLC the ability to request distributions on their behalf.

In some limited cases, where a client has a retirement account, through their employer that is held with a custodian of the employer's choice, the client will grant Lyon Capital Management, LLC access to their account to make transactions. This authority is granted in the contract signed by the client and Lyon Capital Management, LLC at the beginning of the advisory relationship. Lyon Capital Management, LLC is limited to buying and selling securities in these accounts. The Firm may not directly deduct management fees from such accounts and the Firm may not request a distribution of client assets from such accounts.

## Item 17 – Voting Client Securities

Clients have the option to delegate proxy voting authority to our firm. Lyon Capital Management, LLC maintains a proxy voting policy and gives a copy of the policy to every new client. We also offer a copy of the proxy voting policy to all clients on an annual basis. Clients may obtain information about how we voted any proxy on their behalf at any time by contacting the Chief Compliance Officer, Kate M. Lyon CFP®, at tel: 585-248-9821 or via email at [kate@lyoncapital.com](mailto:kate@lyoncapital.com). A client may direct Lyon Capital Management, LLC how to vote a proxy.

Clients may choose to vote their own proxies. If they choose to do this, they will receive proxy materials and ballots directly from their custodian. Clients may contact Lyon Capital Management, LLC with questions about any proxy solicitation.

It is possible that Lyon Capital Management, LLC may encounter a material conflict in voting client proxies. Lyon Capital Management, LLC has a duty to recognize any material conflict and to resolve the conflict before voting the proxy. Material conflicts of interest are defined as those conflicts that a reasonable investor would view as important in making a decision regarding how to vote a proxy.

The Firm will, if necessary, maintain a listing of all material business conflicts of interests: those business relationships between the Firm and other parties that are deemed to be material and that may result in a conflict with respect to a future proxy contest. As of the date of this filing, such a list has not been needed since no member of our firm transacts significant business with or sits on the board of directors of any company or entity that the Firm buys or sells for its clients.

Firm employees are required to disclose all personal and familial relationships that may present a material conflict of interest with respect to a future proxy contest. No employee currently owns a significant enough number of shares in any company to place them in a position of a conflict of interest.

In the event of a material conflict, unless a client requests otherwise, we will take one of the following actions to ensure a proxy voting decision is based on the client's best interests and is not a result of a conflict: i) Lyon Capital Management will refer the proxy to the client or to a representative of the client for voting purposes; or ii) disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote. Lyon Capital Management, LLC's policy is to disclose any proxy voting conflict of interest to a client or clients via a written mailing prior to voting the proxy.



## Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition.

Because Lyon Capital Management, LLC does not require or solicit pre-payment of more than \$1200 in fees per client, six months or more in advance, we are not required to include a balance sheet for review here.

Lyon Capital Management, LLC does not take custody of client assets. Lyon Capital Management, LLC does, however, have discretionary authority to place transactions in client accounts. Therefore we are required to report the following regarding our financial condition: Lyon Capital Management, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

## Item 19 – Requirements for State-Registered Advisers

The Firm's principal executive officers and management persons are as follows:

Douglass C. Lyon, CFA  
President and Chief Investment Officer

Education:

High School Pittsford High School – Pittsford, NY

College: B.A. – History, Wake Forest University, 1978  
M.B.A. – Babcock Graduate School of Management, Wake Forest University, 1982

Professional: Earned the Chartered Financial Analysts (CFA) designation, 1997

Work History: President and Chief Investment Officer for Lyon Capital Management, LLC since 1994

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Kathleen M. Lyon, CFP®  
Chief Compliance Officer

Education:

High School: Naples High School – Naples, FL

College: B.A. Biology, Wake Forest University, 1981

Professional: Completed the Certified Financial Planner™ certification process in 2006

Work History: Operations Manager, Lyon Capital Management, LLC, 1994-2005 Chief Compliance Officer 2006 – Present

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The Firm is registered with the S.E.C. and notice files with any states where required.

Performance-based compensation (fees based on a share of capital gains or on capital appreciation of the assets) may create an incentive for an adviser to recommend investments that may carry a higher degree of risk to the client. No executive officer of the Firm is compensated for advisory services with a performance-based fee.

No executive officer of the Firm has been involved in an arbitration claim alleging damages.

No executive officer of the Firm has been involved in a civil, self-regulatory organization or administrative proceeding involving investment management services.

No executive officer of the Firm has any relationship or arrangement with any issuer of securities that is not listed in Item 10 of Part 2A of this filing.

Item 1 – Cover Page

ADV Part 2B Brochure Supplement

Douglass C. Lyon, CFA

Lyon Capital Management, LLC

24B Grove Street

585-248-9821

March 17, 2014

**This Brochure Supplement provides information about Douglass C. Lyon that supplements the Lyon Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Kate M. Lyon, CFP® if you did not receive Lyon Capital Management, LLC's Brochure or if you have any questions about the contents of this supplement.**

## Item 2- Educational Background and Business Experience

Douglass C. Lyon, CFA

Date of Birth: April 4, 1954

Education:

High School   Pittsford High School – Pittsford, NY

College:        B.A. – History, Wake Forest University, 1978

                     M.B.A. – Babcock Graduate School of Management, Wake Forest  
University, 1982

Work History: President and Chief Investment Officer for Lyon Capital Management, LLC  
since 1994

Professional: Earned the Chartered Financial Analysts (CFA) designation, 1997

The Chartered Financial Analyst (CFA) charter 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 charter, 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.

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require 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

The three levels of the CFA Program test a proficiency with 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. Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **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 Douglass C. Lyon, CFA

### **Item 4- Other Business Activities**

Douglass C. Lyon is not engaged in any other business activities outside of his work for Lyon Capital Management, LLC.

### **Item 5- Additional Compensation**

Douglass C. Lyon does not receive any additional compensation for work outside of Lyon Capital Management, LLC.

### **Item 6 - Supervision**

Douglass C. Lyon, CFA, President and Chief Investment Officer, and Kate M. Lyon, CFP®, the Chief Compliance Officer are responsible for the supervision of all employees at Lyon Capital Management, LLC.

### **Item 7- Requirements for State-Registered Advisers**

N/A

Item 1- Cover Page

ADV Part 2B Brochure Supplement

Kate M. Lyon, CFP®

Lyon Capital Management, LLC

24B Grove Street

585-248-9821

March 17, 2014

**This Brochure Supplement provides information about Kate M. Lyon, CFP® that supplements the Lyon Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Kate M. Lyon, CFP® if you did not receive Lyon Capital Management, LLC's Brochure or if you have any questions about the contents of this supplement.**

## Item 2- Educational Background and Business Experience

Kate M. Lyon, CFP®

Date of Birth: November 26, 1959

### Education:

High School: Naples High School – Naples, FL

College: B.A. Biology, Wake Forest University, 1981

### Work History:

Operations Manager, Lyon Capital Management, LLC, 1994-2005

Chief Compliance Officer, Lyon Capital Management, LLC 2006 – Present

Professional: Completed the Certified Financial Planner™ (or CFP®) certification process in 2006

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas of insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning
- Examination – Pass the comprehensive CFP® Certification Examination. The examination is administered in 10 hours over a two-day period
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year)
- Ethics – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals

Individuals who are certified must complete 30 hours of continuing education every two years including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct. They must also renew an agreement to be bound by the Standards of Professional Conduct which require that CFP® professionals provide financial planning services in the best interests of their clients. CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **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 Kate M. Lyon.

### **Item 4- Other Business Activities**

Kate M. Lyon is not engaged in any other business activities outside of her work for Lyon Capital Management, LLC.

### **Item 5- Additional Compensation**

Kate M. Lyon does not receive any additional compensation for work outside of Lyon Capital Management, LLC.

### **Item 6 - Supervision**

Douglass C. Lyon, CFA, the President and Chief Investment Officer, and Kate M. Lyon, CFP®, the Chief Compliance Officer, are responsible for the supervision of all employees at Lyon Capital Management, LLC.

### **Item 7- Requirements for State-Registered Advisers**

N/A