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This brochure provides information about the qualifications and business practices of Addison Capital, Inc. If you have questions about the contents of this brochure, please contact us at 215-563-6919 and/or [info@addisoncapital.com](mailto:info@addisoncapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Addison Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), SEC File Number 801-68352.

Addison Capital is a registered investment advisor as defined by the Investment Advisers Act of 1940. Registration with the SEC does not imply a certain level of skill or training. The information contained herein relates only to specific questions to which the relevant regulatory agencies request answers. The document is not, and is not intended to be, a marketing brochure, nor is it designed to provide detailed information about all aspects of Addison Capital's business.

## Table of Contents

	<u>Page #</u>
Advisory Business	3
Fees and Compensation	3
Performance-based fees and Side-by-side Management	3
Types of Clients	4
Methods of Analysis, Investment Strategies and Risk of Loss	4
Disciplinary Information	4
Other Financial Industry Activities and Affiliations	4
Code of Ethics, Participation or Interest in Client Transactions and personal trading	4-5
Brokerage Practices	5
Review of Accounts	6
Client Referrals and Other Compensation	6
Custody	6
Investment Discretion	6
Voting Client Securities	6
Financial Information	7
Supplemental Information	8

## Advisory Business

Addison Capital (AC) provides investment supervisory services and furnishes investment advice through consultations. The company was founded in 2009 by Michael A. Church, who is the principal owner and CEO.

Investment supervisory services include developing strategies and investment portfolios based upon the individual client needs. AC also provides advice and portfolio information on a real time basis concerning portfolio management recommendations on both equity and fixed income markets, including specific companies and securities.

AC tailors advisory services to the individual needs of clients. This activity includes the provision of continuous advice concerning investments consistent with the circumstances, preferences, and objectives of each client established during the initial meeting. This includes asset allocation of stocks, bonds, and liquidity. The investment management process includes an assessment of each client's objectives, needs, restrictions and portfolio holdings. Asset allocation may then change over time, based on clients needs. Clients may impose restrictions on investing in certain securities or types of securities.

AC may, from time to time, manage accounts on a fully discretionary basis without detailed knowledge of the circumstances, preferences, and objectives of the specific client. In these instances, AC formulates and implements an investment program that is considered prudent, appropriate, and suitable to the nature of the account and AC's understanding of the client's general characteristics.

AC does not participate in wrap fee programs. AC manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2013, AC managed \$ 557,200,000 in client assets.

## Fees and Compensation

AC is compensated for advisory supervisory services by a percentage of assets under management, and fixed fees for consultations. Fees are negotiable and may vary based on total client relationships and marketing considerations. The basic fee schedule never exceeds 1.25%.

AC bills all clients on a calendar quarterly basis in advance; and when billing on assets under management, the market value at the close of the previous business day is utilized. Generally, fees are deducted directly from the account, with the client receiving a paid receipt within 10 business days. Upon special request and consideration, invoices may be sent directly to the client. When a new account is opened, or when there are substantial deposits or withdraws in the account, a pro-rated invoice (or credit) is generated based on the number of days left in the calendar quarter. When an advisory agreement is terminated, the client receives a refund based on the number of days left in the quarter. If fees were deducted from the account, the pro-rated refund is credited back to the same account. If the fees were paid directly by the client, a refund check is issued.

In addition to management fees, clients will incur brokerage and other transaction costs. Please see the section on "Brokerage Practices" on page 5. Clients are hereby informed that when assets are invested in mutual funds and a management fee is assessed as an expense, clients will, in effect, pay two advisory fees: a direct fee to AC and an indirect fee to the mutual fund advisory. AC, nor any of its supervised persons accepts compensation for the sale of securities or other investment products

## Performance Based Fees and Side-by-Side Management

Neither AC, or any of its supervised persons, accepts performance-based fees based on a share of capital gains or on capital appreciation of client assets.

## Types of Clients

AC offers investment advisory services to individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations. AC typically requires accounts to be at least \$500,000 or greater in size; however, exceptions can be made in certain circumstances.

## Methods of Analysis, Investment Strategies and Risk of Loss

AC uses a combination of technical, fundamental and cyclical methods to assess risks and opportunities in the capital markets. Fundamental data helps identify companies, industries, and sectors with compelling financial characteristics. Technical data help identify securities with attractive supply-demand characteristics. Cyclical data uses macro economic analysis to help identify market trends. Investing in securities involves risk of loss that all clients should be prepared to bear.

The main sources of information AC uses include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. AC seeks to invest in securities with an 8 to 18-month time horizon, both to realize preferable tax rates on long-term capital gains and to manage trading expenses. We may sell securities that meet our appreciation objectives or experience unfavorable fundamental or technical developments in shorter time spans. Our principal focus is to invest our clients' funds to achieve long-term capital appreciation. From time to time, and where suitable to client circumstances and preferences, we may use short sales, margin transactions, covered option writing, or option purchases.

AC offers advice on the following types of investments: Equity securities (including exchange-listed, over-the-counter, and foreign issuers), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, government securities, and option contracts on securities. Each type of investment involves some degree of risk of loss.

## Disciplinary Information

There are no past or present legal or disciplinary events against AC or a management person of AC as it relates to the advisory business or the integrity of management.

## Other Financial Industry Activities and Affiliations

AC is solely engaged in the business of giving investment advice. As such, AC or its principal executive officers or related persons, have no other financial industry activities or affiliations. AC does not recommend or select other investment advisers.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

AC serves as a fiduciary for its customers and, as such, has the responsibility to render professional, continuous and unbiased investment advice. As fiduciaries, all AC employees owe clients a duty of honesty, good faith and fair dealings. At all times, AC acts in the best interest of its clients and avoids or discloses all conflicts of interest. All employees must uphold the applicable laws governing the capital markets and must comply with all federal and state securities regulations. Any breaches of the principles in the Code of Ethics may result in disciplinary action up to and including termination. A complete copy of AC's Code of Ethics is available to any client or prospective client upon written request.

AC does not buy or sell for client accounts any securities in which AC or a related person has a material financial interest.

From time to time, AC's officers and employees invest alongside the firms' clients, both to align the interests of firm personnel and firm clients, and as an expression of confidence in our portfolio management efforts. In an effort to minimize any conflicts that may arise when placing trades for personal accounts, all AC employees are required to hold accounts with AC's preferred custodian. Employees are not permitted to place trades in their own accounts; but rather, must go through AC's CEO, Michael Church, for all trade executions. All employee trades will be blocked with customer trades to the extent possible and will be average-priced with customer trades accordingly. No security may be purchased/sold in an employee account the day before or the day after the same security is purchased/sold for a client, unless the client receives better pricing. The only accounts exempt from this requirement are transactions effected pursuant to an automatic investment plan.

### Brokerage Practices

Although AC does not direct where client assets are custodied, or which broker-dealer is utilized, AC does maintain an institutional relationship with Charles Schwab & Co. where the majority of assets under management are custodied. AC has evaluated best execution from Charles Schwab based on the following factors:

- Execution capability and ability to work orders. This is the principal consideration when directing orders and, particularly, when executing block trades.
- Commission rates
- Operational capabilities, particularly the ability to average price trades and to easily allocate trades among individual client accounts.
- Quality of services provided
- Communication effectiveness and quick responses, especially in times of market turbulence.
- Reliability in executing trades and keeping records.
- Ability to reduce market impact, which is broadly defined as a trades' impact on the price of a stock.

AC places all purchase and sell orders with broker-dealers which, in our opinion, are able to obtain best execution of clients' transactions at reasonably competitive rates. AC's best execution policy and procedures are designed to institutionalize a trading process that seeks to maximize the value of clients' portfolios given each client's stated investment objectives and constraints. As such, AC does not have any soft dollar arrangements with any broker-dealer.

AC does not receive client referrals from any broker-dealer with which it currently does business. AC does not require, request or recommend that clients direct trade executions through a specified broker-dealer. Clients may elect to direct trading for their accounts to specified broker-dealers. These trades are executed at the commission rates established by the selected broker-dealer and are not negotiated by AC. Clients may pay higher transaction costs, or receive less favorable prices, as AC may not be able to aggregate orders.

Whenever possible, AC aggregates purchases/sales of any security across all affected client accounts. The actual prices applicable to the aggregated transaction will be averaged, and each client will be deemed to have purchased/sold its share of the security at that average price. All transaction costs shall be shared on a pro rata basis among all participants, except to the extent that certain brokers/dealers may impose minimum transaction charges.

## Review of Accounts

All accounts are reviewed by Michael Church daily on a global basis via a cash sheet, where asset allocation and percentage of cash are reviewed. On at least a quarterly basis, all accounts receive a formal and detailed review to ensure suitability and allocations are still appropriate. On a monthly basis, accounts where a fixed income security has matured are reviewed. New accounts and accounts that have had a cash deposit of \$5,000 or more are placed on the "hot" list and reviewed daily until fully vested.

Monthly asset statements denoting market values, book values, transactions, as well as a complete listing of all securities held in the portfolio, are provided by the clients' custodian. Transaction confirmations are provided by the custodian within the required time-frame. Upon request, AC will provide clients a quarterly appraisal of their account, broken down by type of security and industry sector. AC recommends that clients cross reference any reports received against the statement provided by custodian.

## Client Referrals and Other Compensation

AC does not receive any economic benefit for providing investment advice to anyone other than our clients.

AC has entered into Solicitor Agreements, whereby AC compensates the Solicitor for referring clients who are suitable and appropriate. There is no differential in the management fees charged to the client and AC will not charge clients any additional fees or expenses as a result of the solicitor's fees paid.

## Custody

AC primarily utilizes Charles Schwab & Co. to custody client funds and/or securities. Trade confirmations and monthly statements are mailed to all clients directly from the custodian. Clients are encouraged to carefully review confirmations and statements and to call with any questions/concerns.

## Investment Discretion

AC manages client accounts on a discretionary basis. Clients may place limitations on this discretion with regards to not buying or not selling specific securities. Such restrictions are included in the Investment Management Agreement, which all clients are required to sign.

## Voting Client Securities

If so directed, AC will vote proxies it receives related to securities held in client's accounts. AC will, in all cases, vote to promote its clients' best interests. In determining how to vote proxies, AC will not subordinate the economic interest of its clients to its own interests or to that of any other entity or interested party.

AC has designated a Proxy Voting Officer, who is responsible for identifying all proxy solicitations which, in his reasonable belief, present a conflict between the interests of the client and those of AC. Should such a situation arise, AC will abstain from voting, contact the client explaining the nature of the conflict of interest, and forward the proxy voting materials to the client.

AC includes a brief description of its Proxy Voting Policy in its Investment Management Agreement. Clients can obtain a copy of the entire Policy, as well as a record of how AC has voted any particular action relating to their account, by written request.

## Financial Information

AC bills clients for management services three months in advance. AC maintains a cash reserve for reimbursement of pre-paid fees, on a pro-rated basis, in the event the investment management agreement is terminated. AC has never been the subject of a bankruptcy petition.

SUPPLEMENTAL INFORMATION  
October 22, 2014

Addison Capital, Inc.  
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This supplement provides information about Addison Capital's Portfolio Managers. Please contact Sandra Laster, Chief Compliance Officer, at 215-563-6919 if you have any questions about the contents of this supplement.

As principal owner and CEO, Michael Church is ultimately responsible for all investment advice given to clients. Questions regarding any investment activity should be directed to him at the above address/phone number.

Educational Background and Business Experience

Michael Church – DOB 4/23/1981  
BA Rider University  
MBA Rider University  
Chairman of Addison Capital  
Previously co-managed the Church Capital Value Trust at Church Capital Management. CVLAX was a 5 Star Morningstar fund.

Arthur Hopper – DOB 06/25/1943  
BA Rutgers University  
Executive VP Addison Capital  
Previously a portfolio manager at Church Capital Management, as well as Salomon Brothers.

Michael J. Durette—DOB 10/15/1981  
BA University of Maryland, College Park  
Executive VP Addison Capital  
Previously managed portfolios for Fisher Asset Management as well as for Citigroup Smith Barney.

No Portfolio Manager for AC has had any legal, disciplinary events, or criminal or civil suits brought against them on investment-related business. None of them have had an administrative proceeding before the SEC, or other federal or self-regulatory organization. Other than being a portfolio manager for AC, none are actively engaged in any investment related business or activity, nor receive any additional compensation or economic benefit from outside sources for providing advisory services.