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Form ADV Part 2A – Firm Brochure
January 2014

This brochure provides information about the qualification and business practices of Sitka Pacific Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (707) 933-0322, or by email at investing@sitkapacific.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.

Additional information about Sitka Pacific Capital Management, LLC, is available on the SEC website at www.adviserinfo.sec.gov.

Material Changes

Annual Update

Sitka Pacific Capital Management, LLC, is providing this information as part of our annual updating amendment, which contains material changes from our last annual update. This section discusses only material changes since the last annual update, which occurred in February 2013.

Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

Material Changes from 2013 *Firm Brochure*:

None

Full Brochure Availability

The Firm Brochure for Sitka Pacific Capital Management, LLC, is available by sending an email to investing@sitkapacific.com or by calling (707) 933-0322.

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Advisory Business

Firm Description

Sitka Pacific Capital Management, LLC, (hereafter "Sitka Pacific") is a fee-based investment Advisor that offers Portfolio Management Services. Sitka Pacific has been in business since 2005.

Principal Owners

Sitka Pacific's principal owner is Brian McAuley, who owns 74% of Sitka Pacific. James J. Abodeely owns 26%.

Types of Advisory Services

Sitka Pacific offers discretionary Portfolio Management Services, using separately managed accounts. Sitka Pacific will evaluate the Client's financial condition and risk tolerance in order to tailor its portfolio recommendations to meet the Client's investment objectives and individual needs. Summaries of our investment portfolio offerings are available at www.sitkapacific.com.

Sitka Pacific offers ongoing investment advice within discretionary investment portfolios on the following types of investments: Equity Securities, including exchange-listed securities, securities traded over the counter and by foreign issuers; Exchange-traded funds (ETFs); Investment company securities, including mutual fund shares; United States Government Securities; Options contracts on securities.

Tailored Relationships

Sitka Pacific does not allow Clients to impose restrictions on securities held within investment portfolios, and does not manage Client funds on a non-discretionary basis.

Wrap Fee Programs

Sitka Pacific participates in a number of Wrap Fee programs. Accounts under management in Wrap Fee programs are managed the same way as all other accounts in the designated investment portfolio, and Sitka Pacific receives a portion of the Wrap Fee for these services.

Client Assets

As of December 31, 2013, Sitka Pacific managed \$36.4M in Client funds, all of which was managed on a discretionary basis.

Fees and Compensation

Description

Investment Advisory Fees are assessed for investment advisory services as a percentage of assets under management, at an annualized rate of 1.75%. Wrap Fee Program rates, and rates for accounts which are assessed performance-based fees (as described below in *Performance-Based Fees & Side-by-Side Management*), are negotiable at the sole discretion of Sitka Pacific.

Fee Billing

Investment advisory fees are either deducted daily from Client accounts, or deducted from Client accounts quarterly in advance, depending on the custodian.

Other Fees

In addition to investment advisory fees, Client accounts will incur costs from the custodian broker, including custodial fees and transaction costs. Assets such as exchange-traded funds and mutual funds may result in additional expenses, and certain transactions such as short sales may result in expenses in addition to investment advisory fees and broker execution costs.

Fees Paid in Advance

Fees are assessed either daily or quarterly in advance. The Advisor will refund any pre-paid fees on a pro rata basis within thirty (30) days following the Advisor's receipt of a cancellation notice from Client.

Additional Compensation

Sitka Pacific does not receive cash or any other economic benefit (including commissions, equipment or non-research services) from non-Clients in connection with giving advice to Clients. Sitka Pacific also does not directly or indirectly compensate any person for Client referrals.

Performance-Based Fees & Side-by-Side Management

Sitka Pacific receives performance-based fees for management from some of its Client accounts. These fees are generally a percentage share of the mark-to-market profits over a specific time frame, subject to a high water mark, are received in addition to Investment Advisory Fees. Client accounts that are assessed performance fees are sometimes managed side-by-side with other Client accounts (see the *Order Aggregation* section below), but they are given no preferential treatment.

Types of Clients

Description

Sitka Pacific generally provides investment advice to Individuals; Pension and profit-sharing plans; Trusts, estates, or charitable organizations; Corporations or business entities other than those listed above.

Account Minimums

The minimum initial investment for a new Client advisory relationship is \$200,000. The minimum initial account balance for each managed account is \$50,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Market and security analysis methods include Fundamental; Technical; Cyclical; and other methods detailed here. The majority of portfolio positions are selected using proprietary methods. Hedging, either by selling or buying options on individual positions, or by buying or shorting index shares or other instruments, is based on technical, cyclical and fundamental analysis of the markets. Other individual positions may also be entered on the basis of similar technical, cyclical or fundamental analysis. The main sources of information include annual reports, prospectuses, filings with the Securities and Exchange Commission, and market data provided by various vendors.

Investment Strategies

The investment strategies used to implement investment advice include Long-term purchases (securities held at least a year); Short-term purchases (securities held within a year); Trading (securities held within 30 days); Short sales; Margin transactions; Option writing, including covered options, uncovered options and spreading strategies; Option buying, including protective puts, protective calls and spreading strategies.

Risk of Loss

Investing in the financial markets, including the securities Sitka Pacific recommends to Clients, involves the risk of loss—including loss of principal. Investing in securities involves risk of loss that clients should be prepared to bear. While Sitka Pacific attempts to manage risks associated with the financial markets and the securities it recommends to Clients, Sitka Pacific makes no guarantee or promise that advice given to Clients through the management of Client accounts will not result in losses. Past performance is not a guarantee of future results.

Short Selling Risk

Some of our investment strategies include a significant amount of short selling. Short selling transactions expose us to 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 by us 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 we 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.

Margin Disclosure Statement

Our investment strategies do not generally employ the use of leverage (i.e. borrowing funds from the broker to open positions whose cumulative value exceeds the equity in the account), though the use of small amounts of leverage does occur infrequently.

When securities are purchased, they may be paid for in full or part of the purchase price may be borrowed from the brokerage firm. The securities purchased are the brokerage's collateral for the loan. If the securities in the account decline in value, so does the value of the collateral supporting the loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities in any of the accounts held with the member, in order to maintain the required equity in the account.

Short selling requires the use of a margin account, as the securities used in the short sale are borrowed from the brokerage firm before they are sold. In the case of a short sale, cash received from the sale of the borrowed shares is held as collateral. If the short position declines in value, i.e. the borrowed shares rise in price, the value of the cash collateral supporting the borrowed shares declines, and, as a result, the broker can take action, such as issue a margin call and/or sell or buy to cover securities in any of the accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the broker that has made the loan to avoid the forced sale of those securities or other securities in your account(s).

- The broker can force the sale of securities in your account(s). The broker can also force the purchase of securities in the case of short positions. If the equity in your account falls below the maintenance margin requirements under the law, or the broker's higher "house" requirements, the broker can exit positions in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such actions.
- The broker can sell your securities, or buy back short positions, without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the broker cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most brokers will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a broker has contacted a customer and provided a specific date by which the customer can meet a margin call, the broker can still take necessary steps to protect its financial interests, including immediately exiting positions without notice to the customer.
- You are not entitled to choose which positions in your account(s) are liquidated to meet a margin call. Because the securities are collateral for the margin loan, the broker has the right to decide which security to sell in order to protect its interests.
- The broker can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in broker policy often take effect immediately and may result in the issuance of a maintenance margin call. A failure to satisfy the call may cause the liquidation of positions in your account(s).

Risk Disclosure Statement for Options and Futures

While we do not trade options and/or futures in all of our investment strategies, this disclosure is provided to inform all of our clients about some of the possible risks associated with such positions. This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options.

Options

- *Variable degree of risk.* Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. Traders of options should calculate the extent to which the value of the options must increase for the position to become profitable, taking into account the premium and all transaction costs.
- The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures below). If the purchased options expire worthless, the purchaser will suffer a total loss of the

- investment. In purchasing deep out-of-the-money options, the purchaser should be aware that the chance of such options becoming profitable ordinarily is remote.
- Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller being obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures below). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
 - Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Futures

- *Effect of "Leverage" or "Gearing."* Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract, meaning that transactions are heavily "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. Your account may sustain a total loss of initial margin funds and any additional funds deposited with the broker to maintain the position. If the market moves against the position or margin levels are increased, you may be called upon to pay additional funds on short notice to maintain the position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.
 - *Risk-reducing orders or strategies.* The placing of certain orders (e.g., "stop-loss" orders, where permitted, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions, may be as risky as taking simple "long" or "short" positions.
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Disciplinary Information

Legal or Disciplinary Events, Criminal or Civil Action, Administrative Proceeding, Self-Regulatory Organization Proceeding, or Other Proceeding

Neither Sitka Pacific nor any Associated Persons have any reportable disciplinary information.

Other Financial Industry Activities and Affiliations

Neither Sitka Pacific nor any Associated Persons have any affiliations with any other financial industry companies.

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

Code of Ethics

At Sitka Pacific, our goal is to protect our Clients' interests at all times in our role as fiduciaries, and we strive to comply with all applicable laws and regulations governing our business. All Associated Persons are expected to strictly adhere to the guidelines for professional standards of conduct and use of material, non-public information outlined in our Code of Ethics and Privacy Policy. A copy of our Code of Ethics and Privacy Policy can be obtained by Clients and prospective Clients by contacting us by email or phone.

Recommend Securities with Material Financial Interest

Neither Sitka Pacific nor any Associated Persons have any material financial interest in Client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Invest in Same Securities Recommended to Clients

Sitka Pacific and its Associated Persons may buy or sell for themselves positions the company also recommends to Clients, and also may follow the same or similar trading strategies for their own accounts that are used for Client accounts (see section below on *Order Aggregation*). All trading is done in the open market, and no securities are directly passed between Advisor and Client accounts.

Brokerage Practices

Selecting *Brokerage Firms*

Sitka Pacific recommends the Client open an account with Interactive Brokers, LLC, or Charles Schwab & Co. to be managed by the Advisor. Both are independent broker-dealers, unaffiliated with Sitka Pacific. Interactive Brokers, LLC, and Charles Schwab & Co. have been selected based on their commission rates, trading platform and administrative infrastructure. Commission rates charged to the Client are believed to be among the lowest available, and are believed not to be higher as a result of administrative and trading support the Advisor receives from Interactive Brokers, LLC, or Charles Schwab & Co.

Research and Soft Dollars

Other services received from Interactive Brokers, LLC, and Charles Schwab & Co. by Sitka Pacific are not supported by Client accounts.

Brokerage for Client Referrals

Sitka Pacific does not recommend any particular brokerage firm in exchange for Client referrals.

Directed Brokerage

Outside of Interactive Brokers, LLC, and Charles Schwab & Co., Sitka Pacific does not allow Clients to direct the use of a particular brokerage firm.

Order Aggregation

Sitka Pacific routinely combines orders for the same securities into “block trades” for groups of accounts within an investment strategy. This practice allows us to execute trades in a timely, equitable manner, and it may reduce the Client’s transaction costs. Shares of securities purchased in block trades are distributed to Client accounts based on the custodian broker’s rules governing distribution of block trades, and no preferential treatment is given to any particular Client account. Client accounts receive an average price and a pro rata share of transaction costs. Advisor accounts that are traded in the same block as Client accounts receive no preferential treatment.

Review of Accounts

Periodic Reviews

All Client accounts are reviewed by an Investment Advisor Representative of Sitka Pacific monthly to ensure they are aligned with the investment plan for the account.

Regular Reports

Clients can access their account and statements electronically through the custodian’s web site at any time. Clients can elect to receive monthly and annual printed statements from the custodian if desired. Statements include account information, total equity, profit/loss summary, total cash, positions and transactions (including fees paid to the Advisor).

Client Referrals and Other Compensation

Economic Benefits

Sitka Pacific does not receive cash or any other economic benefit (including commissions, equipment or non-research services) from non-clients in connection with giving advice to Clients.

Third Party Solicitors

Sitka Pacific does not directly or indirectly compensate any person for Client referrals.

Custody

Account Statements

Sitka Pacific does not maintain custody of Client assets. Assets are held in a separate account in the Client's name at an independent broker-dealer. Accounts are covered by the Securities Investor Protection Corporation ("SIPC") and any other insurance that may be carried by the custodian broker.

Investment Discretion

Discretionary Authority for Trading

Upon signing the *Investment Advisory Agreement*, the Client gives Sitka Pacific full authority to supervise and direct, on a discretionary basis, all investment and trading activity in the Client account.

Voting Client Securities

Proxy Voting

Sitka Pacific does not render any advice or take any action on behalf of Clients with respect to securities or other investment held in Client accounts. The Client will receive proxies and other solicitations directly from the broker, and the Client retains all rights and obligations to take action relating to securities held in the Client's account.

Financial Information

Financial Condition

Sitka Pacific is not required to provide financial information to our Clients, because we do not

1. Require pre-payment of fees more than six months in advance, or
 2. Take custody of Client assets, or
 3. Have a financial condition that is reasonably likely to impair our ability to meet our commitments to our Clients.
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