

BAUER CAPITAL MANAGEMENT, LLC

2899 State Highway 35
Hazlet, New Jersey 07730-1549
(732) 888-6000
(732) 888- 8034 – fax
kb@bauercm.com

**Firm Brochure
Part 2A of Form ADV
Updated July 29, 2014**

This brochure provides information about the qualifications and business practices of Bauer Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (732) 888-6000, by facsimile at (732) 888-8034 or through our web site at kb@bauercm.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.

Bauer Capital Management, LLC is a registered investment adviser. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training. Additional information about Bauer Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This is the initial filing brochure, so there haven't been any material changes.

Bauer Capital Management, LLC
Firm Brochure
Table of Contents

<u>Title</u>	<u>Page</u>
Advisory Business	5
The Firm – Bauer Capital Management, LLC	5
Services Provided	5
• Investment Management Services	5
Wrap Fee Programs	6
Fees and Compensation	6
Investment Management Fees	6
• Termination of Investment Management Services	7
Commission Business	7
How is the potential risk of conflict of interest mitigated?	7
Brokerage and Custodian Transaction Fees	7
Performance Based Fees and Side-By-Side Management	8
Types of Clients	8
Methods of Analysis, Investment Strategies and Risk of Loss	8
Methods of Analysis	8
• Fundamental Analysis	8
• Technical Analysis	9
• Cyclical Analysis	9
• Risk for all Forms of Analysis	9
• Due Diligent Meetings	9
Investment Strategy	9
• Tactical Asset Allocation	9
• Risk Associated with Tactical Asset Allocation	9
Risk of Loss	10
Disciplinary Information	10
Other Financial Industry Activities and Affiliations	11
Recommending and/or Selecting Other Investment Advisors	11

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Code of Ethics Disclosure	12
Privacy Notice Statement	12
Personal Trading Practices	14
Brokerage Practices	14
Recommending Broker/Dealers to Clients	14
Research and Other Soft Dollar Benefits	14
Brokerage for Client Referrals	16
Direct Brokerage	16
Best Execution	16
Review of Accounts	16
Client Referrals and Other Compensation	17
Custody	17
Account custodian	17
Handling Client Assets	17
Other Custody Issues	18
Investment Discretion	18
Voting Client Securities	18
Financial Information	19
Requirements for State-Registered Advisers	19

Item 4 - ADVISORY BUSINESS

The Firm – Bauer Capital Management, LLC

In May 2014, Korey M. Bauer established Bauer Capital Management, LLC with its principle place of business in Hazlet, New Jersey. Bauer Capital Management is seeking registration as an investment advisory firm registered with the Securities Exchange Commission. The founder of the firm, Korey M. Bauer, is an Investment Advisory Representative registered with the Securities Exchange Commission. Prior to forming Bauer Capital, Mr. Bauer was Castle Financial & Retirement Planning Associates' Senior Vice President and Market Analyst Technician and served as a sub-investment adviser to the Catalyst Macro Strategy Fund, an open-end mutual fund registered under the Investment Company Act of 1940.

Bauer Capital Management's Advisor, Korey M. Bauer, continues to serve as a sub-investment advisor to Catalyst Macro Strategy Fund and collaborates on a daily basis with Castle Financial & Retirement Planning Associates' advisor, Mr. Alphonse A. Procaccino II. Mr. Bauer will also serve as Investment Adviser to the new All Terrain Opportunity Fund, an open-end mutual fund, which is still in the registration process.

Mr. Bauer is responsible for all operations of the Firm including, but not limited to, supervision of all Firm employees; adhering to all federal and state security regulations; the execution and supervision of all trading and advisory services provided to clients.

Services Provided

Investment Management Services

Prior to engaging Bauer Capital Management to provide investment management services, clients are required to enter into a formal Portfolio Manager Agreement with Bauer Capital Management setting forth the terms and conditions under which the Advisor will manage the client's investments, and the fees or other charges the client will pay. Separate custodial documents may also be required prior to establishing an account.

Upon signing Bauer Capital Management's Portfolio Manager Agreement, clients grant Bauer Capital Management's Advisor limited discretionary authority to manage their portfolios on a discretionary basis, and to respond to inquiries from and communicate and share information with the client's attorney, accountant and other professionals to the extent necessary in the furtherance of Bauer Capital Management's services.

Bauer Capital Management provides portfolio management services and primarily recommends that clients allocate their investment assets among various equity and fixed income mutual funds, REITs, individual equities, options, bonds and other fixed income securities, ETFs, and brokered CD's.

Security transactions are generally executed through Bauer Capital Management's clearing agent, TD Ameritrade member FINRA/SIPC/NFA. However Bauer Capital Management may utilize other broker/dealers and custodians when requested by the client. Clients of Bauer

Capital Management must be aware that if they direct Bauer Capital Management or its Advisor to use a particular broker that it may limit Bauer Capital Management or its Advisor the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading.

Wrap Fees Programs

Bauer Capital Management does not participate in any wrap fee programs.

Item 5 - FEES AND COMPENSATION

Investment Management Fees

Bauer Capital Management charges an annual investment management fee based on a percentage of the market value of the assets being managed by Bauer Capital Management. The fee is generally 1.5% of assets under management. The investment management fees are payable quarterly in arrears, based upon the market value of the Assets on the last day of the previous quarter as valued by the Custodian.

Bauer Capital Management generally requires a minimum of \$100,000 for investment management services. For investments that do not have a readily available market value, Bauer Capital Management's Advisor may calculate its investment management fee based on the initial cost of the investments. Bauer Capital Management's Advisor, in his sole discretion, may waive the account minimum and/or charge a lower management fee based on various criteria (i.e. anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc).

Upon signing Bauer Capital Management's Investment Management Agreement, the client authorizes the custodian to deduct the Investment Management Fee from their Account(s) and remit the same to Bauer Capital Management pursuant to its invoice. The Advisor sends a quarterly invoice to the Custodian setting forth the amount of the investment management fee that is due for the quarter, and the investment management fees are directly deducted from the client's account(s). The custodian shall not be required to verify the Advisor's calculation of the management fee. To satisfy the payment of the management fee, funds will be deducted directly from the Account(s), and if necessary, from liquidating holdings in the following order: (a) cash positions; (b) money market funds, or (c) current positions in the Account. It should be noted that some mutual funds and securities that are purchased and sold for the Account may have transaction fees, commissions, and/or redemption fees that will be charged to the client. These transaction fees, etc. are not shared with Bauer Capital Management or its Advisor and are paid directly to the broker/dealer or custodian.

All fees paid to Bauer Capital Management are separate and distinct from other fees the client may pay, including transaction fees, short term trading fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodial fees. In addition, clients may pay brokerage and transaction fees, commissions, transfer taxes, exchange fees, and any other charges that may be imposed with regard to the client's brokerage account.

Termination of Investment Management Services

A client may terminate Bauer Capital Management's Investment Advisory Agreement at any time by giving written notice to Bauer Capital Management or its Advisor at least (7) days prior to the date of termination (the "Termination Date"). Effective on the Termination Date, the Advisor shall refrain, without liability, from taking any further action with respect to the Account. Bauer Capital Management will cease to be entitled to receive fees for any period following the Termination Date.

The client will have immediate access to the assets in his or her account(s), subject to any restrictions imposed by the broker/dealer or custodian of the accounts. Termination of Bauer Capital Management's Investment Advisory Agreement shall not affect either (a) the validity of any action taken by the Advisor pursuant to the Agreement, or (b) the liabilities and obligations of the parties with respect to any transactions effected prior to the Termination Date.

Commission Business

Bauer Capital Management does not provide services based on brokerage commissions. Clients who wish to invest in security products through Bauer Capital Management will maintain accounts with TD Ameritrade or other broker/dealers. The Firm's compensation under these arrangements is limited to advisory fees thereby eliminating the potential conflict of interest resulting from commissions.

How is the potential risk of conflict of interest mitigated?

As a fiduciary, Bauer Capital Management and its Advisor are obligated to serve the client's best interest in all dealings. Therefore, Mr. Bauer recommends that clients enter into an advisory agreement and pay for services as a percent of assets under management rather than commissions, thereby aligning the interest of clients and Bauer Capital Management.

Brokerage and Custodian Transaction Fees

All security transactions placed with Bauer Capital Management's clearing agent TD Ameritrade are executed through the broker/dealers clearing firm. Advisory fees charged by Bauer Capital Management are separate and distinct from other fees the client may pay including but not limited to:

- Transaction fees such as ticket charges paid to the clearing agent or custodian
- Ticket Charges for transactions in Managed Accounts sponsored by the broker/dealer
- Commissions, if applicable
- Inactivity Fees
- Custodial fees for overnight mail, wire orders, checks returned for insufficient funds for those clients with check writing privileges
- Precious Metal Storage Fees
- Custodial maintenance and termination fees for IRA's
- Limited Partnerships & Private Placement Fees
- Other service fees under special circumstances

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither Bauer Capital Management nor its advisor charges client fees based upon a share of capital gains or capital appreciation of the assets in the client's account.

Item 7 - TYPES OF CLIENTS

Bauer Capital Management's clients are generally comprised of mutual funds, trusts, corporations and retirement plans. Bauer Capital Management generally requires clients to have a minimum of \$100,000 in assets to participate in its investment management services. However at its sole discretion, Bauer Capital Management or its Advisor may waive the account minimum.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Bauer Capital Management's Advisor employs the following methods of analysis prior to purchasing or selling a security for a client's account:

Fundamental Analysis - is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. In doing so, the Advisor attempts to study everything that can affect the securities value (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). Based on the advisor's analysis he can produce a value for the security and compare it with the securities current price to determine what position to take (if any) regarding that security.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis – is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. When analyzing securities using technical analysis the Advisor does not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis – is a method of analyzing securities that rise quickly when economic growth is strong and falls rapidly when growth is slowing down.

Risks For All Forms Of Analysis – Bauer Capital Management’s securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Bauer Capital Management is alert to indications that data may be incorrect, there is always a risk that its analysis may be compromised by inaccurate or misleading information.

Due Diligence Meetings – The Advisor participates in conference calls and meetings with analysts, portfolio managers and strategist with money management firms and also receives research reports from such firms as Bloomberg, Alliance Bernstein, BlackRock, Goldman Sachs, Cantor Fitzgerald, Pimco, Janus, ConvergeEx, J.P. Morgan, Prudential, Pioneer, Eaton Vance, Wells Fargo and others.

Investment Strategy - Tactical Asset Allocation

Bauer Capital Management’s overall investment strategy is to manage accounts to protect and grow the client’s assets. To accomplish this, Bauer Capital Management and its Advisor employs a conservative tactical asset allocation investment strategy to manage client portfolios. The Advisor develops a target asset allocation. In developing the targets, the Advisor will set a higher (overweight) allocation target to sectors that are anticipated to outperform others and a lower (underweight) allocation target to sectors that are anticipated to under-perform. As market conditions change, the asset allocation targets will be reviewed and updated as appropriate.

To aid in his research, the Advisor subscribes and utilizes Kiplinger’s, Goldman Sachs Research, Cantor Fitzgerald, ConvergeEx, J.P. Morgan Research, Y Charts, Market Smith, Market Technicians Association, CBOE, CME Group, TD Ameritrade, CNBC, Bloomberg, Business Insider, Zacks Investment Research, ETF.com, S&P Capital, The Street, Vickers Insider Trading, Thompson Reuters, Argus Company, Jaywalk Consensus Report, S&P Dow Jones Indices, Gluskin Sheff, First Trust, Janus, other firms and the internet. The Advisor uses screening tools and research reports, and participates in due diligent conference calls and meetings with analysts, portfolio managers and strategist with money management firms such as BlackRock, Goldman Sachs, JP Morgan, Pimco, Pioneer, Wells Fargo, Eaton Vance, Janus, Cantor Fitzgerald, Alliance Bernstein and other companies. This information is used to for research. . Investments generally consist of a variety of equity and fixed income mutual funds, Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETFs), options, individual equities, bonds and other publically traded securities.

The Advisor sells securities when the securities have higher than average gains; or if the future outlook for any given security turns unfavorable (i.e. waning performance, etc.).

Risk Associated with Tactical Asset Allocation

There is risk associated with any investment strategy, including tactical asset allocation. The client must be aware of the following risk associated with a tactical asset allocation strategy:

- There is no guarantee that the use of this strategy will provide a higher performance than the use of other investment strategies.
- This strategy relies on an accurate reading of market conditions and the future direction of the market. There is no guarantee that the anticipated asset allocation targets will outperform other sectors.

- Clients may see an increase in brokerage fee and expenses depending on the volume of trading activity by the Advisor in the account.
- Clients may be exposed to tax consequences due to capital gains/losses from the sale of securities to rebalance accounts. Some of the capital gains could be short-term, which are taxed at a higher rate.

Fund companies may place restrictions on an account for violating the Fund's short-term trading policy. While this is possible, Bauer Capital Management and its Advisor intend to avoid processing trades in client's accounts that would subject the client to short-term trading fees or account restrictions.

Risk of Loss

Investors must be aware that there is a potential risk of loss with essentially any investment. If investors decide to invest their money, they assume risk. Investing in securities involves risk of loss that clients should be prepared to bear. The following is a list of some of the risk that a client may be exposed to:

Systematic (Market) Risk – These are risks that affect the entire market and cannot be avoided through diversification. This risk may be caused by events such as changing interest rates, a recession, or wars.

Unsystematic Risk – These are risks specific to a company or industry sector and may be avoided or mitigated by diversification.

Credit Risk – The risk that a company or municipality will not be able to repay its lenders. This is very important to those investing in fixed-income investments such as bonds.

Country Risk – This is risk associated with investing in foreign securities. This risk includes political, exchange rate, economic, sovereign and transfer risk (which is the risk of capital being locked up or frozen by government action.)

Liquidity Risk – The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss.

Interest Rate Risk – The risk of changing interest rates and their impact on interest-bearing assets, such as bonds. In general, as interest rates, the price of a fixed rate bond will decrease, and vice versa. If investors decide not to invest their money, they face the risk of loss of potential gains they would have earned had they been invested.

Item 9 - DISCIPLINARY INFORMATION

Bauer Capital Management and its Advisor are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Neither Bauer Capital Management nor its Advisor have ever been convicted of, or pled guilty or no contest to:

- Any felony;
- A misdemeanor that involved investments or investment related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion;
- Conspiracy to commit any of these offenses;

in any domestic civil or criminal, foreign or military court of competent jurisdiction.

Neither Bauer Capital Management nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authorization to do business;
- Have been involved in a violation of an investment related statute or regulation;

in any proceeding before the SEC, any other federal regulatory agency, and state regulatory agency, or any foreign financial regulatory authority.

Neither Bauer Capital Management nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authority to do business;
- Have been involved in a violation of the SRO's rules and was bared or suspended from membership or from association with other members, or was expelled from membership; significantly limited from investment related activities; or fined more than \$2500 dollars; in any Self-Regulatory Organization (SRO) proceeding.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Bauer Capital Management does not have any related persons that are one of the following:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- Other investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships.

Bauer Capital Management's Advisor, Korey M. Bauer, publishes articles on industry related websites such as SeItMarket.com, Benzinga.com and Minyanville.com. These websites provide analysis on stocks, bonds, futures, commodities and currencies. Technical analysis and investing tips are also provided on the websites. Mr. Bauer is not compensated for the articles that are published on these websites.

Recommending and/or Selecting Other Investment Advisors

Bauer Capital Management's Advisors does not refer clients to other investment advisors.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics Disclosure

Bauer Capital Management has adopted a Code of Ethics Policy. The Code set forth a standard of business conduct for the Firm and all persons associated with the Firm. The purpose of this Code is to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for the Firm and its associated persons to espouse in the interest of the Firm and investor protection. In particular, the Code is designed to:

- Protect the clients by deterring misconduct.
- Protect Bauer Capital Management's reputation.
- Guard against violations of the securities laws.
- Establish procedures to ensure that Advisors conduct themselves ethically at all times.

In an effort to meet the above obligations, the Code sets out policies and procedures that Bauer Capital Management's Advisors are expected to follow in the following areas:

- Compliance
- Privacy and Confidentiality
- Personal securities transactions and reporting
- Insider trading
- Conflicts of interest / outside business activities
- Gifts and Entertainment
- Reporting violations and sanctions
- Record keeping

Clients and prospective clients may obtain a complete copy of Bauer Capital Management's Code of Ethics upon request by contacting their Advisor in writing at 2899 State Highway 35, Hazlet, NJ 07730-1549 or calling our New Jersey Office at (732) 888-6000.

In accordance with Section 204A of the Investment Advisers Act of 1940, Bauer Capital Management also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by Bauer Capital Management or any access persons of Bauer Capital Management with regards to their personal securities transactions.

Privacy Statement

Bauer Capital Management also protects the personal non-public information of its clients and employees, and its Advisors are expected to exercise diligence and care in maintaining and protecting the client's non-public confidential information. Bauer Capital Management holds all personal information provided to the Firm in the strictest confidence. The records that Bauer Capital Management maintains include all personal information that the Advisors collect from clients in connection with any of the services provided by Bauer Capital Management. Bauer Capital Management has never disclosed information to non-affiliated third parties, except as permitted by law, and does not anticipate doing so in the future. If Bauer Capital Management were to anticipate such a change in its Firm's policy, it would be prohibited under the law from

doing so without speaking with the client first. Bauer Capital Management has established the following procedures to mitigate any real or perceived infringements of the client's rights of privacy:

- Bauer Capital Management limits employee and agent access of information to only:
 - 1) Those who have a business or professional reason for knowing (i.e. broker/dealer or custodian);
 - 2) Non-affiliated parties as permitted by law (i.e. federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or attorney.); or
 - 3) Those required by judicial or regulatory process.
- Bauer Capital Management maintains a secure office and computer environment to ensure that client's information is not placed at unreasonable risk.
- The categories of non-public personal information that the Advisors collect from clients depend upon the scope of the client's engagement. It will include information about their personal finances, information about transactions between the client and third parties, and information from consumer reporting agencies.
- For unaffiliated third parties that require access to the client's personal information, including financial services companies, service providers, and auditors, Bauer Capital Management also requires strict confidentiality in their agreements with them and expects them to keep this information private. Federal and state regulators may also review the Firm's records as permitted by law.
- The disclosure information contained in any document completed by the client for processing and/or transmittal by Bauer Capital Management in order to facilitate the commencement, continuation or termination of a business relationship between the client and a non-affiliated third party service provider (i.e., broker/dealer, investment advisor, account custodian, insurance company, etc.), including information contained in any document completed and/or executed by the client for Bauer Capital Management (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding non-affiliated third party service provider.
- Bauer Capital Management does not provide personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about a client and/or employees will be shredded if it is no longer needed.
- Personally identifiable information about a client will be maintained during the time that they are a client and for the required time thereafter that such records are required to be maintained by federal and state securities laws and regulations. After this required period of record retention, all such information will be destroyed.

Bauer Capital Management's Privacy Notice is initially given to all clients upon signing a Comprehensive Financial Advisor Agreement or an Investment Management Agreement and sent to all clients annually thereafter.

Personal Trading Practices

Bauer Capital Management's Advisor and/or employees may have an interest in securities or may buy, sell, or hold a position in securities, which may also be recommended to the Clients. As a fiduciary, Bauer Capital Management and its access persons owe its clients the loyalty to refrain from effecting personal securities transactions that might conflict with the client's best interests. Conflicts arise when Advisors, employees, or other access persons take advantage of investment opportunities that should have been exercised for clients or when they use their knowledge of pending client transactions to place their trades before their client's transactions.

Bauer Capital Management has established the following guidelines to mitigate potential conflicts of interest when placing personal security transactions. Bauer Capital Management's access persons may only effect individual stock transactions on days when there are no client transactions for the same security, unless their transactions are part of a block trade for the given security (Please refer to the Investment Management Services section of this brochure for Bauer Capital Management's Procedures regarding block trades), or the access person receives the higher purchase or lower sales price compared to the client. There are no restrictions on Advisors for placing trades in open-end mutual funds on the same day as clients.

Item 12 - BROKERAGE PRACTICES

Recommending Broker/Dealers to Clients

Currently, Bauer Capital Management and its Advisor recommend TD Ameritrade to their clients. TD Ameritrade and other custodians maintain custody of the client's assets and effects brokerage transactions on behalf of Bauer Capital Management's advisory client's accounts. Bauer Capital Management is independently owned and operated, and is not affiliated with or a related person of TD Ameritrade.

Bauer Capital Management considers of a number of factors prior to selecting or recommending broker/dealers, including but not limited to, their familiarity with the securities to be sold or purchased, their execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC and other insurance coverage. Bauer Capital Management's Advisor routinely compares order execution disclosure information at TD Ameritrade to other broker dealers to ensure that TD Ameritrade remain competitive in providing best execution for their clients.

While broker-dealers may charge commissions higher than those obtainable from other broker/dealers, Bauer Capital Management will only cause its clients to pay brokerage commissions which it has determined, in good faith, to be reasonable in relation to the value of the brokerage and other services provided by such securities broker-dealers. Bauer Capital Management will base its decision upon the particular transactions involved and its overall responsibilities with respect to all clients' investment management accounts.

Research and Other Soft Dollar Benefits

Bauer Capital Management receives other products and services from TD Ameritrade that benefits Bauer Capital Management but not client accounts. Some of these other products and services assist Bauer Capital Management in managing and administering client accounts. These

may include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of Bauer Capital Management's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at TD Ameritrade.

Bauer Capital Management may also receive services from TD Ameritrade that are intended to help Bauer Capital Management manage and further develop its business. These services may include information technology, regulatory compliance and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services rendered to Bauer Capital Management by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services. TD Ameritrade also has arrangements with various product vendors, which enable Advisors of TD Ameritrade to purchase their products at a discount. These products may include such items as:

- Client reporting and consolidated statement software;
- Client communication software;
- Client relationship management software;
- Coaching; and
- Investment research

The commissions charged by TD Ameritrade are competitive with similarly situated retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect transactions in securities through other securities broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

As a sub-investment advisor or advisory on a mutual fund Bauer Capital Management may enter into a soft dollar arrangement with trading firms, which may add a few cents per share onto each stock trade on the buy and sell sides of transactions within the Fund. That money is set aside in accounts at trading firms. Bauer Capital Management sends their quarterly Bloomberg invoices to the Firms for payment.

As a fiduciary, Bauer Capital Management endeavors to act in the best interest of its clients, and Bauer Capital Management or its Advisors may make recommendations that clients maintain their assets in accounts at TD Ameritrade. These recommendations may be based in part on the benefits to Bauer Capital Management, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by TD Ameritrade, which may create a conflict of interest.

Clients and prospective clients should also refer to the "Potential Conflicts of Interest Resulting from Commissions" section of this document for further disclosure regarding conflicts of interest.

Brokerage for Client Referrals

It is the practice of some broker/dealers to give client referrals to investment advisors as an incentive for directing business through them. Bauer Capital Management's clearing agent and custodian do not participate in this business philosophy. Nor does Bauer Capital Management seek broker/dealers with this business philosophy to recommend to their clients as this would create a conflict of interest.

Directed Brokerage

Bauer Capital Management may utilize other broker/dealers and custodians when requested by the client or when the client's retirement plan is maintained and the custodian is selected by the Plan's sponsor. Bauer Capital Management's clients must be aware that if they direct Bauer Capital Management or its Advisors to use a particular broker/dealer that it may limit Bauer Capital Management or its Advisors the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading. As a result, clients may pay higher commissions, have higher transaction cost, or receive less favorable prices.

Best Execution

As stated earlier, the Advisor routinely compare order execution disclosure information of TD Ameritrade to other broker dealers to ensure that remains competitive with other broker/dealers in providing best execution for their client's security transactions. The commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other broker-dealers. The commissions paid by Bauer Capital Management's clients shall comply with Bauer Capital Management's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Bauer Capital Management determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Bauer Capital Management and/or its Advisor will seek competitive rates; they may not necessarily obtain the lowest possible commission rates for their client's transactions.

Item 13 - REVIEW OF ACCOUNTS

For those clients to whom Bauer Capital Management provides Portfolio Management Services, account reviews are conducted on an ongoing basis by Bauer Capital Management's Principal and owner, Mr. Korey M. Bauer. Bauer Capital Management's Principal reviews economic and market conditions, performs due diligence, and reviews extreme gains/losses in the portfolios.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker/dealer, custodian, independent managers, and or program sponsors for the client's accounts. Those clients to whom Bauer Capital Management provides investment advisory services receive a quarterly report from Bauer Capital Management summarizing their account and performance. Clients are urged to compare the custodial account statements they receive to the written consolidated account statement from Bauer Capital

Management. Any client that does not receive an account statement from the custodian should call Bauer Capital Management immediately to request another statement.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Although Bauer Capital Management markets its business via a news letter and website to potential clients; it predominantly relies on client referrals to introduce new clients to their business. It is Bauer Capital Management's policy not to compensate clients for referring potential clients to their business, because the client would be considered a solicitor and would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act before a cash referral fee could be paid to them.

Item 15 - CUSTODY

Due to increased regulatory concerns over advisors with custody, it is Bauer Capital Management's intention to have custody over client assets only to the extent that it requests the client's custodian to deduct advisory fees directly from the client's account(s). Bauer Capital Management's Advisor is not permitted to exercise custody in any other form over client assets or accounts.

Account Custodian

Bauer Capital Management will not act as custodian for any client accounts. Bauer Capital Management's personnel will assist the client in preparing paperwork to open a new custodial account, but only the client is permitted to authorize, by their signature, the opening of the account.

Once the account is established, it is the custodian's responsibility to send client account statements, transaction confirmations, proxy material, and any other information related to their account. Bauer Capital Management will not route original custodial statements to its clients on behalf of a custodian. Bauer Capital Management and its Advisors are responsible, within reason, to ensure that clients receive custodial statements directly from the custodian. To meet this responsibility, the Advisors will receive duplicate copies of its clients' statements. Clients should carefully review statements received from the custodian(s). Clients will also receive a quarterly written consolidated account summary from Bauer Capital Management, which they are urged to compare with the custodian's account statement that they receive. Any client that does not receive an account statement from the custodian should call Bauer Capital Management immediately so that the Advisors can have another statement sent to the client.

Handling Client Assets

Due to custody regulations, Bauer Capital Management's Advisors can only handle or forward checks clearly made payable to a third party, such as the client's independent custodian. The Advisor may not handle or forward any other client check or security certificate received by the Firm. All such instruments must be returned to the client within three (3) business days and may not be forwarded to any other party other than the client or the client's representative.

Clients must be aware that if they personally deliver securities certificates to Bauer Capital Management's office, the Advisors are not allowed to physically handle the securities certificates. The Advisors may provide direction to a client in completing the transfer and shipping paperwork to help ensure that the securities certificates are properly deposited with the client's custodian. However, it is the client's responsibility to deposit overnight pouches with the respective carriers for forwarding of securities certificates to their designated custodian. Securities certificates inadvertently received in the mail will be returned to the client within three (3) business days.

Other Custody Related Issues

Bauer Capital Management has invoked the following restrictions on its access persons to ensure that custody is not inadvertently obtained:

- Advisors may not serve as trustee over a client's account, unless the client is an immediate family member of the Advisor.
- Advisors will not accept signatory power over any client's checking or custodial account(s).
- Advisors will not hold client securities in Bauer Capital Management's name or in bearer form.
- Proceeds from sales or redemptions of client securities will not be directed to the custody of Bauer Capital Management except to pay for advisory fees (as noted above).
- Advisors will not require clients to prepay more than \$500 in fees six months or more in advance.

Item 16 - INVESTMENT DISCRETION

Bauer Capital Management's Advisor is granted limited discretionary authority in writing by the client when the client signs Bauer Capital Management's Investment Advisory Agreement. This limited discretionary authorization gives Bauer Capital Management's Advisor the authority to buy, sell, hold, exchange, invest, and otherwise deal with the client's investment assets at his sole discretion and without consulting with the client in advance. This authorization is perpetual and will remain in full force and effect until the Advisor receives a written termination notice from the client.

Bauer Capital Management does not have discretionary authority to determine what broker/dealer to use or the amount of commissions that are charged by the broker/dealer or custodian.

Item 17 - VOTING CLIENT SECURITIES

Bauer Capital Management and its Advisor are expressly precluded from taking any action on behalf of the client, will not take any action on behalf of the client, and are not obligated to render any advice to the client, with respect to:

- The voting of proxies solicited by, or with respect to, the issuers of any securities held in the portfolio or,

- The legal proceedings involving securities or other investments presently or formerly held in the portfolio, or the issuers thereof, including bankruptcies.

The Custodian will send all such proxy and legal proceedings information and documents it receives to the client so that the client may take whatever action the client deems appropriate. Bauer Capital Management does not offer any consulting assistance regarding proxy issues to clients.

Item 18 - FINANCIAL INFORMATION

As previously discussed in this brochure, Bauer Capital Management provides investment management services on a discretionary basis for which the clients are billed quarterly in arrears.

Neither Bauer Capital Management nor its Advisor have ever petitioned or been subject to bankruptcy proceedings, and there are no financial conditions that would prevent Bauer Capital Management or its Advisor from meeting any contractual commitment to its clients.

Item 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Neither Bauer Capital Management nor its Advisors have ever been found liable in an arbitration claim alleging damages in excess of \$2500 dollars for any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

Neither Bauer Capital Management nor its Advisors have ever been found liable in a civil, self-regulatory organization or arbitration proceeding involving any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

Neither Bauer Capital Management nor its Advisors have ever has never filed or been subject to a bankruptcy petition, nor do they have any arrangements with any issuers of securities.