

Form ADV Part 2A



Bernzott Capital Advisors

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Bernzott Capital Advisors is an investment advisory firm registered with the United States Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940. This brochure provides information about the qualifications and business practices of Bernzott Capital Advisors. Although this brochure is produced according to guidelines provided by the SEC, brochures are not approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply any particular level of skill or training.

If you have any questions about the contents of this brochure, please contact us at (805) 389-9445. Additional information about Bernzott Capital Advisors also is available on the SEC's website at www.adviserinfo.gov.

Material Changes

There were no changes that we would consider to be material since the last update of our firm's brochure dated July 14, 2014.

This brochure is produced in accordance with the guidelines of the United States Securities and Exchange Commission (SEC) with the intent of making information about our firm clear and easy to understand. The brochure consists of two parts:

1. ADV Part 2A - The "brochure." A detailed description of our firm's business practices, fees and policies for providing service to clients.

2. ADV Part 2B - The "brochure supplement." Information about our firm's professional staff, including each advisory person's education, business background, and other credentials.

Please contact us if you have any questions about the information provided in the brochure or if you would like additional information about Bernzott Capital Advisors. We welcome the opportunity to talk with you.

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I. Advisory Business

We are an independent money manager and have been in business since 1994. The firm is 100% owned by employees and an employee related party. The principal owners, those owning 25% or more of the firm, are Bernzott Capital Advisors Profit Sharing Plan and Kevin Bernzott, Chairman/CEO.

We provide discretionary portfolio management services to a mutual fund and separate account clients.

We are a “bottom up” investment manager with a long-term investment horizon. Our investment philosophy focuses on three key areas: disciplined stock selection, a strong value orientation and concentrated portfolio construction. We do our own homework and do not rely on Wall Street research

We manage concentrated portfolios generally of 25-35 small/mid-cap domestic equities for institutional clients. We manage private client accounts differently, generally in concentrated portfolios of multi-cap domestic equities, depending on client-specific circumstances.

Investment Company Services. The Bernzott U.S. Small Cap Value Fund has engaged us to provide day-to-day investment management on a discretionary basis and administrative oversight services pursuant to an Investment Advisory Agreement.

Separate Account Services. Discretionary investment supervisory services are provided to institutional and private clients with minimum relationship sizes of \$10 million and \$1 million, respectively. We may waive the minimum account size.

Sub-Adviser Services. From time to time we may enter into sub-advisory agreements with independent investment adviser firms to provide portfolio management services to other firms' clients. Under such an arrangement, the independent adviser is responsible for managing the client relationship, and we are responsible for the discretionary management of the client's portfolio.

Our services are provided under the terms of a written advisory agreement between us and the client that details the conditions, fees and investment guidelines that govern the actions we take on each clients behalf. Clients may impose portfolio-specific restrictions by written direction. The client or Bernzott Capital Advisors can terminate the agreement at any time upon written notice to the other party.

Our principal office is located in Camarillo, CA. We also have a satellite office in Santa Barbara, CA.

As of December 31, 2014, we managed \$528.7 million.

II. Fees and Compensation

Compensation. We are compensated by a percentage of assets under management. We do not require prepayment of fees. We do not participate in any wrap fee programs. We do not receive or pay fees for any type of referral.

For institutional clients, fees are billed quarterly in arrears on the market value of assets under management at an annual rate of 0.90% of the first \$10 million, 0.80% of the next \$15 million, 0.75% of the next \$25 million and 0.65% of the balance.

For private clients, fees are billed quarterly in arrears on the market value of assets under management at an annual rate of 1% of the first \$2 million, 0.75% of the next \$3 Million, and 0.50% of the balance.

For Unified Managed Accounts (UMA) and model portfolios fees are negotiated.

We may also negotiate fees different from our fee schedule. We serve certain non-profits at a discount and we waive fees for employees and related parties.

We generally aggregate separate accounts of a single relationship for billing purposes.

Clients may authorize us to deduct fees from their account or bill them.

Similar services may be available from other advisers at lower fees.

Other Fees. Clients may also pay other fees in connection with the advisory services we provide. These fees may include fees charged by the custodian, mutual fund expenses and brokerage and other transaction costs. See "IX. Brokerage Practices" for more information regarding brokerage. None of such costs are payable to us.

III. Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees.

IV. Types of Clients

Investment Companies. We currently are the investment adviser to the Bernzott U.S. Small Cap Value Fund (the "Fund"), a series of the Investment Managers Series Trust. For the Fund we provide day-to-day investment management on a discretionary basis and administrative oversight services pursuant to an Investment Advisory Agreement.

Separate Accounts. We provide discretionary portfolio management services to both institutional and private clients. Clients may include multi-employer (Taft-Hartley), union or governmental employee pension or benefit plans, banks or thrift institutions,

investment companies, trusts, estates, charitable organizations or other corporations or entities.

Discretionary investment supervisory services are provided to institutional and private clients with minimum relationship sizes of \$10 million and \$1 million, respectively. We may waive the minimum account size.

V. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis. We are a “bottom up” manager with a long-term horizon. We believe that superior, risk-adjusted returns can be generated by constructing a concentrated portfolio of thoroughly researched companies purchased at appropriate prices. We favor companies with significant recurring revenue, solid operating margins, moderate leverage and strong returns on capital. We have a value orientation and seek to purchase companies at a discount to fair market value. We construct portfolios without regard to sector weighting. Our process results in comparatively low turnover.

The members of the investment team are generalists. The team actively monitors companies on Buy and Watch lists. Buy and sell decisions are made unanimously by the team. We do not utilize “stop-losses” – in the short-term market prices may be volatile. We will sell if we determine our investment thesis is invalid, fundamentals of a company or industry are deteriorating, the price of a company reaches or exceeds fair value or it becomes over-weighted due to appreciation, or to raise cash for a more compelling opportunity. Buy, sell and fair value targets are evaluated regularly.

Investment Strategies

Separate Accounts. For our separately managed accounts we principally construct three types of portfolios: US Small Cap Value, US All Cap Value, or Customized Multi Asset Class.

- US Small Cap Value. Our US Small Cap Value portfolios are generally constructed of 25 to 35 US small cap equities without sector bias or consideration to the benchmark sector weighting. Holdings at acquisition will have cap sizes from \$500 million to \$5 billion. Minimum holding size is 1 - 2%, average 3-5% and maximum size is 7-8%. We do not make strategic allocations to cash. Rather, the cash position is a by-product of the current number and quality of investment opportunities that meet our investment strategy. On average cash is 5% or less, but can be higher from time to time. The investment team is patient and will not overpay for good companies. Our conservative, fundamental approach coupled with price discipline on the buy side has historically resulted in low volatility when compared to our benchmark.

- US All Cap Value. Our US Equity Opportunity Strategy portfolio is constructed in a similar fashion to our US Small Cap Value portfolios but provides us with the flexibility to invest in multiple cap sizes. For clients in this portfolio who have not directed a

maximum cash allocation we also have the ability to move into cash if we determine market conditions are unfavorable based on internal research.

- Customized Multi Asset Class. Asset allocation is central to our Customized Multi Asset Class investment philosophy. We work diligently with clients to gain an in-depth understanding of their investment objectives, risk tolerance, liquidity and cash flow needs, time horizon and tax situation. Once an understanding is achieved, an investment plan is crafted with the objective of producing consistent, long-term results that meet or exceed client expectations. Investment options include individual stocks and bonds, BSCVX, exchange traded funds (ETFs), and cash equivalents.

Bernzott Small Cap Value Fund (BSCVX). Investment for the Fund's account mirrors that of our US Small Cap Value portfolios.

Risks.

Investment in securities is subject to risk, including the possible loss of some or the entire principal amount invested. Before deciding whether to invest, these risk factors, that may cause investors to lose money, should be carefully considered.

Market Risk. A portfolio may be affected by a sudden decline in the market value of an investment, or by an overall decline in the stock market. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole.

Interest-rate Risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Equity Securities Risk. The value of the equity securities held in a portfolio or fund may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held participate, or factors relating to specific companies whose stock is held in the portfolio. For example, an adverse event, such as an unfavorable earnings report, may depress the value of equity securities of an issuer held in a separate portfolio or the Fund; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks and other equity securities held in a portfolio. Common stock of an issuer in a separately managed account or the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. Common stock is subordinated to preferred stocks, bonds and other debt instruments in a company's capital structure, and therefore will be subject to greater dividend risk than preferred stocks or debt instruments of such issuers. The stock market has been subject to significant volatility recently which has increased the risk associated with an investment in equities.

Value-Oriented Investment Strategies Risk. Value stocks are those that, in the opinion of Bernzott Capital Advisors, are undervalued in comparison to their peers due to adverse business developments or other factors. Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued may actually be appropriately priced or overvalued. Therefore, a value-oriented investment portfolio is most suitable for long-term investors who are willing to hold their shares for extended periods of time through market fluctuations and the accompanying changes in share prices.

Small-Cap Company Risk. These securities may be subject to more abrupt or volatile market movements and may have lower trading volumes or more erratic trading than securities of larger-sized companies or the market averages in general. Since equity securities of smaller companies may lack sufficient market liquidity and may not be regularly traded, it may be more difficult or impossible to sell securities at an advantageous time or a desirable price.

Focused Investment Risk. Although our portfolios are diversified, we normally focus our investments in 25-35 equity securities.

Management Risk. Bernzott Capital Advisors' portfolios are subject to management risk because they are actively managed. Bernzott Capital Advisors analysts apply investment techniques and risk analyses in making investment decisions, but there can be no guarantee that these will produce the desired results.

VI. Disciplinary Information

Our firm and employees have never had any legal or disciplinary events related to providing investment advisory services.

VII. Other Financial Industry Activities and Affiliations

Bernzott US Small Cap Value Fund (BSCVX). As previously described, we manage Bernzott US Small Cap Value Fund. We receive an investment advisory fee for advising the fund. We may purchase the Fund for client accounts, but if we do so will waive our regular advisory fee to the extent that assets in the account managed by us are invested in the Fund.

Schmetter & Associates. In the past we had a contractual relationship with the third-party institutional marketing firm Schmetter & Associates. Although we severed that relationship in May 2013, Schmetter & Associates continues to be paid 20-25% of collected revenue from specified institutional clients. They are not a broker/dealer and all fees are paid by us in cash. No additional amount is ever billed to any client as a result of such payments.

We engage in no other financial industry activities and are not affiliated with any broker-dealer, financial planner, or other investment adviser.

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

We have adopted a Code of Ethics ("the Code") for all supervised persons of the firm, which includes our portfolio managers. The Code sets forth the standards of business conduct the firm expects from each supervised person. It requires, among other things, full compliance with applicable federal securities laws, recognition of our fiduciary duty to clients, and placing clients' interests before our own. We also have a written Policies and Procedures manual designed to, among other things, detect and prevent insider trading. There are provisions for restricting access to files, providing continuing education, restricting and monitoring trading of those securities about which we may have non-public information, requiring related persons to conduct their trading through a specified broker, and monitoring the securities trading of related persons. Both the Code and the Policy & Procedures manual are available to every employee and each attests annually that they have received, understand and will comply with them. We have a Chief Compliance Officer and Assistant Compliance Officer.

Our portfolio managers and other employees at the firm frequently own the same securities in their personal accounts that we recommend for our clients. We believe this policy aligns our interests with the best interests of our clients. However, we also recognize that personal trading activities can create a conflict of interest if personal trading is allowed to have an advantage over the trading we do on behalf of our clients' accounts. We have a responsibility to ensure that all personal trading and investment activities on the part of our employees meet our fiduciary obligations to place client interests ahead of our own. When buying or selling securities for employee or related party accounts, we execute these trades last – after all trades in client accounts have been filled.

We may also buy or sell securities for our own accounts, based on personal investment considerations, which the firm does not deem appropriate for clients. We monitor the trading activity of our employees to confirm that the best interests of our clients come first, and that all trading activity complies with applicable securities laws.

It is our policy that employees shall not buy or sell securities for their personal account when their decision is substantially derived, in whole or in part, from information obtained by reason of their relation to the firm unless the information is also available to the general public on reasonable inquiry.

We maintain a list of securities holdings for all employees and these holdings, as well as all employee transactions, are regularly reviewed by our Chief Compliance Officer.

We require all employees to act in accordance with laws and regulations governing our business and will discipline or terminate any employee acting otherwise.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us by telephone at (800) 856-2646 or by email at info@bernzott.com.

IX. Brokerage Practices

We do not use or suggest brokers or direct brokerage in exchange for fees, products, research, services, payments for order flow, rebates, soft dollars or other compensation.

We use or suggest brokers that we reasonably believe will provide best price and execution. We consider reputation, integrity, access, ability, level of communication, responsiveness, block trading capability and established mechanisms to provide best price and execution. We negotiate "execution only" commission rates, typically \$0.02 per share or less, but do not solicit competitive bids and do not necessarily seek the lowest available commission cost.

Clients are entitled to direct their brokerage. A client that directs we use a particular broker must do so in writing and is responsible for negotiating terms, arrangements and commissions with that broker. If a client directs brokerage, we will be unable to aggregate their trades with those of other clients, reducing their chance to participate in block trades and obtain volume discounts and this will impact our ability to obtain best execution. Accounts that direct brokerage may pay higher commission rates. Additionally, trades for directed accounts are generally executed after non-directed accounts which may result in less favorable prices and execution.

We may aggregate trades using our trading software in an attempt to achieve best price and execution. If we aggregate orders, shares are allocated to all accounts served by any given broker at the average price we received on the day and each account pays its own respective commission costs. Trades for accounts that do not have the required minimum balance for "prime brokerage" or use custodians that charge trade-away fees will not be aggregated with those of other clients that we have the ability to direct to a broker of our choice. These accounts will not receive the same average price as the accounts that were block traded and may have trades executed after those for accounts on which we have brokerage discretion thereby impacting our ability to obtain best execution.

In the event of a partial fill, no related party accounts receive any allocation. We may use our trading software to allocate on a pro rata basis or to allocate "all or none" on a random basis to avoid multiple commission charges that would result from a series of small, partially filled orders. However, if either of those methods would somehow result in clients being disadvantaged, our Chief Compliance Officer or Assistant Compliance Officer may override the software and instruct a manual allocation in a good faith effort to eliminate or mitigate such disadvantage.

We have implemented policies and procedures to monitor best price and execution. Our Chief Compliance Officer or Assistant Compliance Officer reviews a report generated every trading day detailing every executed trade. On that report we document a comparison of the average price we obtained on the day for each security traded with the Volume Weighted Average Price (VWAP). Any material inconsistencies are researched and documented. Additionally, we periodically review broker performance and statistics relative to best price and execution and examine and review commission structures in an effort to obtain competitive pricing for our clients.

X. Review of Accounts

Accounts are subject to continuous monitoring and supervision. There are no specific factors triggering review and no procedure determining the sequence in which accounts are reviewed. Reviews are performed by one of four portfolio managers. The number of accounts each portfolio manager is responsible for depends upon the number of accounts in the firm at any given time and the complexity of maintaining the relationship related to the account.

Clients receive regular reports of their portfolio holdings directly from an independent custodian. Many custodians also provide clients online access through their website that allows them to view their accounts on an ongoing basis. Bernzott Capital Advisors also provides clients with our own statements quarterly as well as periodic newsletters, emails, and phone calls providing clients updates on performance and portfolio holdings. Portfolio managers and analysts are available to meet with clients as required or requested. We also maintain a website at www.bernzott.com which clients can utilize to view updates on the firm and access links to other helpful websites.

XI. Client Referrals and Other Compensation

We only receive compensation from clients for whom we provide investment advisory services. No one who is not a client provides us any economic benefit.

XII. Custody

All of our clients use a qualified independent custodian for safekeeping of their portfolio assets. They receive trade confirmations and regular account statements directly from the custodian, an important protection for clients. We encourage clients to compare statements sent from Bernzott Capital Advisors to those they receive from their account custodian in order to identify any discrepancies.

We do not take possession of client funds or securities. However, under government regulations, although the qualified custodian maintains actual custody of client assets, we may be deemed to have a limited form of custody when a client gives us authority to

deduct our advisory fees directly from their account. Please refer to the ***Fees and Compensation*** section of this brochure for more information regarding the direct deduction of our investment advisory fees.

XIII. Investment Discretion

We provide discretionary investment supervisory services. Clients execute a management agreement that typically gives us full power to supervise and direct the investments of the account, making and implementing investment decisions, without prior consultation with the client. When a client grants us investment discretion we have the authority to determine which securities are bought and sold for the account, the total amount of such purchases and sales, the broker used for the transaction and the commission rates paid. However, in certain circumstances, the client may impose conditions such as restricting transactions in certain types of securities or directing that transactions be placed through specific brokers.

XIV. Voting Client Securities

Unless directed otherwise, we vote proxies for all supervised securities pursuant to procedures designed to ensure that we vote considering only the interest of our clients.

We generally vote proxies as recommended by management. However, we vote against proposals that entrench management or result in egregious compensation. We also typically vote against board nominees who do not have significant share ownership or do not have significant experience related to the business of the company or appear to be otherwise unqualified. We generally vote against shareholder-initiated proposals that appear to be driven by social concerns having little relevance to the business of the company.

We do not vote proxies for unsupervised securities in client portfolios.

Participation in securities class action filings is not a part of our advisory services.

Clients may obtain a copy of our proxy voting procedures and information about how we voted their proxies by contacting us by telephone at (800) 856-2646 or by email to info@bernzott.com.

XV. Financial Information

We have been profitable since our establishment in 1994. No financial condition exists that is reasonably likely to impair our ability to meet contractual commitments to our clients.