



Chesney & Company, LLC

Part 2A of Form ADV

The Brochure

56 Gun Club Drive, Sheldon, SC 29941

www.chesneyandcompany.com

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This brochure provides information about the qualifications and business practices of Chesney & Company, LLC ("Chesney & Company"). If you have any questions about the contents of this brochure, please contact us at 888-426-2193. 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 Chesney & Company is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 Material Changes

Chesney & Company's most recent update to Part 2 of Form ADV was made in February 2014.

Chesney & Company has made a number of changes to this Form ADV Part 2. In particular, we have made changes to Item 5 (Fees and Compensation) and Item 15 (Custody).

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Item 4 Advisory Business

Chesney & Company, LLC was founded in 1996 and is an SEC-registered investment advisor headquartered in Sheldon, South Carolina.

Chesney & Company offers Private Wealth Management to a limited number of high net worth individuals and families (accredited investors and qualified purchasers) under a service agreement that combines financial planning and asset management.

Our Approach to Wealth Management

Chesney & Company believes that the successful accumulation of wealth requires continual strategic (long-term) financial planning. The actual management of capital (allocation) stems from the creation of the financial plan and articulation of clear short and long-term goals.

Chesney & Company is a long-term investment manager. We believe we are capital allocators and strive to find opportunities for investment where capital is treated best in all environments. We believe history has shown that the accumulation of wealth requires patience and a significant attribution to equities and real assets.

Chesney & Company's Structure

Chesney & Company is an independent, single principal firm. We operate under a revenue structure which is defined by the industry as 'fee-only'. This means that we derived our compensation only through the fee charged to our client for the service and skill that we provide. Importantly, we do not accept compensation from any other source in any form including commissions, product incentives or referral fees. We are not incented through any soft dollar brokerage incentives to place trades in any client account or to increase trading activity. We believe in full transparency so a client can readily ascertain the cost of engaging our firm.

Our Offering

Chesney & Company provides wealth management which includes both financial planning and portfolio management. A critical element of our business is that it has been built around the way we manage our own planning and investment strategy. Our planning methodology was designed by us and we implement it personally. Our investment strategy is followed by us (we "eat our own cooking") and we do not offer investments in which we would not personally invest. We do not believe that standalone portfolio management is sufficient to ensure the preservation and growth of wealth. We take only those clients where we believe we can make a difference in their lives and we limit the number of client engagements. We look to work with clients who believe that long-term planning is critical to their success and want to participate alongside us. Chesney & Company is unique in its approach in that we provide clients with access to a wide range of investment opportunities including both indirect (stocks, bonds) and

direct (private real estate, oil & gas, timber, venture capital, private equity, asset-backed lending, land (including farmland)).

Our Investment Philosophy

Chesney & Company takes the approach of a capital allocator. We are fundamental analysts looking for the best return on invested capital with the lowest risk. We believe that capital will be treated differently in different climates and we seek to find opportunities to deliver solid long-term real returns.

Centuries of data show that true wealth is created through businesses and investing in real estate. These markets are often inefficient and provide the patient investor the opportunity to grow wealth. In this arena we look to participate with value-oriented investment managers who have a significant alignment of interest with us as investors.

Chesney & Company is an active portfolio manager. Our portfolio strategy is deployed across our entire portfolio and at any time may include any or all of the following. The addition of private investments (illiquid alternatives) is solely at the discretion of the client:

- Credit Strategies (including high yield bonds, mortgage-based securities, convertibles, preferred stock)
- Defensive Strategies (including both taxable and municipal bonds)
- Growth Strategies (equities)
- Diversified Market Strategies (commodities, foreign bonds, REITs, MLPs, Royalty Trusts)
- Illiquid Alternatives (Real Estate, Private Equity, Venture Capital, Oil & Gas, Timber, Land)
- Cash

We look to hold investments for the long-term and do not believe in market-timing, charting, technical investing. We look to compare all investments against the return that could be achieved by investing the capital in Berkshire Hathaway/B (generally 10% annually before fees).

Our Wealth Management Process

All clients are required to participate with us in the creation of a long-term financial plan. We do not have boilerplate engagements but the structure of all client planning is based on the following five pillars:

1. Asset Protection
2. Income and Disability Protection
3. Debt Management
4. Investment Strategy

5. Estate Planning

It is important to note that the investment strategy is one part of the overall planning (about 20% importance) and without attention to the protection of what has been acquired, the effective management of income and debt, and a plan for the distribution of assets after death, the investment portfolio is simply a portfolio and lacks strategy. Our checklist-driven process ensures that the client has thought through the issues that support a solid plan and has articulated clear, long-term goals that have a reasonable potential for being achieved.

Our Portfolio Review Process

All client portfolios are reviewed quarterly. Clients receive communication from us following this review. At all times we encourage questions and input from our client. We expect the client to understand how the portfolio fits their goals and objectives. We also expect our client to recognize that investing is, by definition, long-term and that a sound plan should make short-term volatility of no concern. The client is responsible for informing us of any changes in their life situation that would impact their strategy.

Amount of Managed Assets

As of 1/31/15, we were actively managing \$127,115,156 of clients' assets on a discretionary and non-discretionary basis.

Item 5 Fees and Compensation

Chesney & Company's fee blends a fee for financial planning plus a fee for the management of the portfolio.

The financial planning retainer is based on the complexity of the client's situation and can range from \$6,000 annually to \$60,000 annually. For new clients, one-half (½) of the annual retainer is billed at the signing of the engagement with the remainder billed quarterly as with existing clients.

The fee for the management of asset is 1% annually.

Maximum Fee

Chesney & Company is committed to a value proposition with our clients. All client engagements are mutual agreements between Chesney & Company and our client. We take seriously our commitment to treat your money as our own. To this end, we apply a cap to annual client billing. This cap is reviewed annually and adjusted as changed in costs dictate. Our current maximum total fee is \$65,000. Chesney & Company reserves the right to change this maximum fee at any time.

Standalone Investment Management

Chesney & Company does not provide standalone investment management services.

Billing

Chesney & Company's fees are not negotiable.

The financial planning retainer is billed quarterly in advance. In the case of new client engagements, one-half (½) of the annual retainer is billed at the inception of the engagement.

The asset management fee is billed quarterly in arrears. For securities listed on any national securities exchange, *fair market value* shall mean the last quoted sales price on the valuation date on the principal exchange on which the security is traded. For securities quoted on an automated quotation system of a registered securities association, *fair market value* shall mean the average of the bid and ask prices on the valuation date on such automated quotation system.

For investments with no secondary market, the portfolio reflects cost basis unless a statement of valuation has been received by the investment manager. Chesney & Company does not make any independent appraisals of value. For this reason, assets held at cost may be incurring an asset management fee that is higher or lower than that which would result from a true market value represented by the arms' length agreement between a willing buyer and a willing seller. In the case where Chesney & Company believes that even without a valuation by the investment manager, that the investment has been irremediably impaired, we will take action and reduce the value accordingly.

General Information

Payment of Fees

Financial planning retainer fees are invoiced directly as requested by the client.

Portfolio management fees are debited to the client's custodial account(s) unless otherwise agreed.

Fees for the management of non-traditional illiquid assets are debited to the client's custodial account(s) unless otherwise agreed.

Termination of the Advisory Relationship

A client agreement may be cancelled at any time, by either party, for any reason with 30 days written notice.

Upon termination of the advisory relationship, the unused portion of the financial advisory retainer will be returned and the portfolio management fee will be assessed for the shorter of 30 days or to the nearest month-end.

Investment Fees

All fees paid to Chesney & Company for investment management services are separate and distinct from the fees and expenses charged by limited partnerships, mutual funds, exchange-traded funds, or hedge funds to their investors. These fees and expenses are described in each fund's prospectus. Chesney & Company does not participate in these fees.

Potential clients should be aware that any individual could potentially invest in these securities without engaging our services. In that case, however, the client would not receive the services provided by our firm, which are designed to assist clients in determining an investment strategy that best matches their long-term objectives. Further, many of the investments recommended by Chesney & Company are institutional and either inaccessible or unavailable to individual investors. It is important for clients to fully evaluate the cost of any investment and at the same time, evaluate the advisory service being provided to them.

Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with whom an independent investment manager effects transactions for the client's account(s).

Grandfathered Engagements

Some clients may be paying fees that differ from those represented in this Form ADV Part 2 under prior engagement agreements and the fee schedule in effect at that time.

Advisory Fees in General

Clients should note that similar advisory services may be available from other registered investment advisors for similar or lower fees.

Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees more than four months in advance.

Illiquid Securities - Non-Discretionary Assets

Chesney & Company offers an extensive platform of private investments ranging from real estate to private equity and venture capital, timber, oil & natural gas, development land and farmland. These are non-discretionary assets and are offered only to eligible investors who

have reviewed all documentation including the prospectus (“PPM”). These investments are offered on a subscription-only basis. Chesney & Company does not act with discretion on these investments and the investments are offered may be made only by the completion and signing of a subscription agreement by the investor.

Item 6 Performance Based Fees and Side-by-Side Management

Chesney & Company does not charge performance-based fees. Chesney & Company does not receive any fees or payments from any parties except our clients.

Item 7 Types of Clients

Chesney & Company provides services to accredited investors or qualified purchasers. We generally serve pre-retiree business owners and professionals and their families.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Investment Strategy

Chesney & Company is a value investor basing decisions on fundamental valuation methodology.

Investment Selection

Chesney & Company looks to optimally allocate capital. Our focus is on finding the highest quality investments that fit our long-term strategy. We seek to minimize unnecessary costs but pay for skill. As an independent firm, we have access to the vast array of investment opportunities and our small size allows us to invest in issues that are not on the radar of the large institutional investors. We believe that this offers our clients the opportunity for better long-term returns.

Elements of Risk

Chesney & Company is committed to the preservation of capital. This does not mean our portfolio does not accept the risk of loss.

We believe that patient long-term investors should not be concerned by the following risks:

- Short-term volatility
- Illiquidity

We believe that long-term investors should be concerned about the following risks:

- The erosion of purchasing power
- The risk of permanent loss of capital
- The risk of not achieving your long-term goals
- The risk of prematurely running out of money

Our goal is to focus our attention on the risks that are important to long-term investors. We continually remind clients to maintain adequate access to cash or cash reserves such that they can allow their portfolio to grow without interruption for a rolling five year period. We believe in minimizing the potential for significant disruption by thoughtful position sizing. We believe that the primary driver behind the portfolio strategy is the return required to achieve the client's goal. We believe that the most significant risk faced by investors is that of prematurely running out of money.

Five Year Mantra

Our minimum investment period is a rolling five years. We do not invest client capital in risky assets unless the client can allow the portfolio to mature over that period of time.

Item 9 Disciplinary Information

Chesney & Company has no disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

The principal shareholder in Chesney & Company has an ownership interest in National Advisors Trust Company of Overland Park, Kansas. National Advisors Trust Company is a firm created to provide trust and custodial services to independent advisory firms. This principal's ownership interest is less than 1% of National Advisors Trust Company and is immaterial to the net worth of Chesney & Company's principal.

Chesney & Company is not engaged in any other financial industry activities and has no other industry affiliations.

Item 11 Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

Code of Ethics

Chesney & Company has adopted a Code of Ethics that demands high ethical standards of business conduct by our employees. We maintain a culture of compliance designed to meet all federal securities laws.

Chesney & Company accepts its responsibility to at all times act in the best interest of our clients (we treat our client's money as our own). Our code of ethics demands that we act in good faith and be loyal to our clients and fair in our dealings.

We accept the obligation to adhere not only to the specific provisions of the Code but to the spirit of the Code as well as its underlying general principles. Our Code of Ethics specifically prohibits the dissemination of material non-public information. While we do not believe that we have access to such material non-public information, our employees are reminded that such information, should it become available, is not to be used in a personal or professional capacity.

A copy of our Code of Ethics is available to advisory clients and to prospective clients upon request by email sent to Joanna Cleary at jcleary@chesneyandcompany.com or by calling 888-426-2193 x706.

Participation or Interest in Client Transactions and Personal Trading

Pooled Investment Funds ("SPVs")

Chesney & Company created the Red Tail Real Estate Opportunity Fund I, LLC in 2007. This pooled investment vehicle raised \$4.8M of client funds to invest in a diversified basket of real estate partnerships. The committed capital was invested between 2007 – 2011 into forty (40) different real estate partnerships diversified by investment manager, type of property, geographic location and time horizon for exit. The fund is currently distributing capital as investments are realized. The basic term of the investment ran through December, 2014. In accordance with the prospectus ("PPM") the manager notified the limited partners in 2014 of her intention to extend the term of the fund through December 2016.

Chesney & Company is not restricted from forming other investment funds or entering into other investment advisory relationships.

In 2014, Chesney & Company formed a second partnership ("SPV") called Grey Horse Partners, LLC. This investment partnership was formed for the specific purpose of investing in a new start-up venture called NHCohen Partners. The purpose of NHCohen Partners was to create a new broker-dealer entity whose purpose is to offer real estate investment opportunities provided by a select group of investment managers to investors. Grey Horse Partners, LLC owns 50% of NHCohen Partners. NHCohen Partners owns 100% of NHCohen Capital. In

November 2014 NHCohen Capital received authorization by FINRA to operate as a licensed broker-dealer.

All of the limited partners in Grey Horse Partners, LLC are accredited investors or qualified purchasers. Grey Horse Partners, LLC does not participate in the operations of NHCohen Capital. As the Managing Member of Grey Horse Partners, LLC Sheila Chesney is informed about the status of the operations through monthly meetings with Mr. Ned Cohen. Grey Horse Partners, LLC receives its investment return as stipulated in the operating agreement.

Chesney & Company may at some time evaluate investments offered by NHCohen Capital. These investments must meet our criteria for being the best opportunity for deployment of capital and if the investment is recommended it will be done with full disclosure of the relationship between Grey Horse Partners, LLC and NHCohen Capital.

Neither the Red Tail Real Estate Opportunity Fund I, LLC nor Grey Horse Partners, LLC are required to register as an investment company under the Investment Advisors Act of 1940 in reliance upon an exemption available to entities whose securities are not publicly offered.

Chesney & Company, as the Managing Member, directed the investments of the Red Tail Fund. Chesney & Company directed the investing of the proceeds of Grey Horse Partners, LLC with NHCohen Partners. Under the Investment Advisors Act Rule 206(4)-2 ("Custody Rule"), Chesney & Company is deemed to have custody of these funds. Under the terms of this rule, Chesney & Company submits to an annual surprise examination by a PBAOC-registered accounting firm the purpose of which is to verify the funds and securities on behalf of the limited partners.

Clients of Chesney & Company are not assessed an asset management fee for either the assets in the Red Tail Fund or Grey Horse Partners.

Personal Trading

Our firm, and/or the individuals associated with our firm, may buy or sell for their personal accounts, securities identical to, or different from those recommended to our clients. In addition, related person(s) may have an interest or position in securities that may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefitting from transactions placed on behalf of advisory accounts.

Chesney & Company strives to reduce, to the greatest extent possible, the potential for any conflicts of interest. To that end we expect that:

- No principal or employee will put his or her own interest above the interests of our advisory clients.

- No principal or employee will buy or sell securities for his or her personal portfolio(s) where the decision is a result of material non-public information received as a result of his or her employment.
- It is the expressed policy of Chesney & Company that no person employed by us may purchase or sell any security prior to a transaction(s) being placed on behalf of advisory clients.
- Chesney & Company does not participate in IPOs.
- Any private placement opportunities that are limited in nature are offered first to all interested clients before being offered to eligible Chesney & Company personnel.
- Chesney & Company maintains all books & records in accordance with Federal law.
- Chesney & Company requires delivery to and acknowledgement of our Code of Ethics by each employee of our firm on an annual basis.
- Chesney & Company expects our principal and all employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Chesney & Company has established policies for reporting of violations to our principal, and any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

Chesney & Company recommends that all clients establish brokerage accounts primarily with the Schwab Institutional division of Charles Schwab, a FINRA registered broker-dealer and SIPC member. Charles Schwab maintains custody of client assets and effects trades for their accounts.

Charles Schwab provides Chesney & Company with access to its institutional trading and custody services. These services are not typically available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis at no charge to them. These services are not contingent upon our firm committing to Charles Schwab any specific amount of business (such as assets in custody or trading commissions). Chesney & Company is independently owned and is not affiliated with Charles Schwab. For the client accounts maintained on Schwab's custodial platform, Schwab does not charge separately for custody services. It is compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through the firm.

Schwab makes available to our firm other products and services intended to assist Chesney & Company in managing and developing our business enterprise. These products and services may not directly benefit any specific client accounts, but generally may be used to service all or

a substantial number of our client accounts, including accounts not maintained at Schwab. These services may include:

- Compliance, legal and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers
- Educational events

In addition, Chesney & Company recommends National Advisors Trust Company for custody of trust accounts and custody of retirement accounts that hold non-traditional assets. (See Item 10 for information on our principal shareholder's relationship to National Advisors Trust Company.) National Advisors Trust Company is typically compensated for its services based upon a charge to the client calculated as a percentage of assets held in custody. Chesney & Company also offers clients the opportunity to establish custodial accounts with Interactive Brokers.

Although we recommend these custodians for operational efficiencies, we assume that it is our client's decision whether or not to custody assets with either firm. However, should the client choose to custody his or her assets with another broker-dealer, the client may be subject to additional fee of .10% annually from Chesney & Company.

In evaluating whether to recommend clients to a custodian, we may take into account the availability of some of the previously listed products and services and other arrangements as part of the total mix of factors we consider. This could create a conflict of interest.

We do not believe, however, that the receipt of additional services diminishes our duty to act in the best interest of our clients, including seeking best execution of trades for client accounts.

Item 13 Review of Accounts

Portfolio Management Services

Monitoring and Reviews

Chesney & Company reviews each client's portfolio on a quarterly basis. These reviews are documented and clients are informed about changes if appropriate. Clients are encouraged to raise any issues, concerns or thoughts and bring to our attention any changes in their life situation that would impact the strategy.

All client accounts are continuously monitored for inflows and outflows of cash and opportunities for rebalancing. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. The client is responsible for bringing attention to material changes in the client's life situation warranting additional review. Chesney & Company may undertake more frequent reviews due to changing market, political or economic circumstances.

Portfolios are reviewed by:

Sheila M. Chesney, Principal

Portfolio activities are reviewed for compliance purposes by:

Lisa D. McFee, Manager of Operations

Reporting

Clients receive monthly statements reflecting all activity in the accounts during the prior period from brokerage firms, Charles Schwab. Clients who have custody assets at National Advisors Trust Company receive quarterly statements reflecting all activity in the accounts during the prior period.

Chesney & Company's utilizes the portfolio accounting services of Black Diamond Portfolio Reporting. Portfolio reporting is available to clients at all times through www.bdreporting.com. All portfolio data is downloaded from the custodians on a daily basis.

Direct participation investments ("illiquid securities") with no readily available secondary market are retained at cost and updated upon receipt of distributions from the investment firm. The market value is changed only upon receipt of an updated statement of valuation from the investment manager. Retirement plan custodians (National Advisors Trust Company) require direct receipt of a valuation report prior to making any change to valuation.

Item 14 Client Referrals and Other Compensation

Chesney & Company does not engage solicitors or pay related or non-related persons for referring potential clients to our firm.

Chesney & Company does not accept or allow our employees to accept any form of payment, including cash, sales awards, or other prizes, from a non-client in connection with the advisory services we provide to our clients.

Item 15 Custody

Under Item 5, Chesney & Company has disclosed that our default presumption is to directly debit advisory fees from client accounts unless the client wishes otherwise.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from the client's account via invoice from Chesney & Company. On at least a quarterly basis, but typically monthly, the custodian is required to send the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, Chesney & Company strongly recommends clients carefully review their custodial statements to verify the accuracy of the fee calculation and any other transactions. Clients should contact us directly if they believe there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Chesney & Company provides continual access to their portfolio on our Black Diamond Portfolio Reporting platform. The client has the ability to run a portfolio report at any time.

Chesney & Company urges clients to carefully compare the information provided on these statements to insure portfolio values are correct and current. Chesney & Company portfolio reports also include a Frequently-asked Questions ("FAQ") statement providing additional information to assist in understanding our portfolio reporting.

Clients are advised that private investments with no liquid secondary market are billed at cost or the most recent valuation provided by the investment manager. This valuation may or may not be a true representation of fair market value that would be determined in an arm's length transaction between a willing buyer and willing seller. Therefore the fee assessed by Chesney & Company could be higher or lower than justified.

Item 16 Investment Discretion

All Chesney & Company clients are required to provide discretionary asset management authorization allowing us to place trades in a client's account without contacting the client prior to each trade to obtain permission. This discretionary authority includes the ability, without contacting the client, to determine the security to buy or sell; and to determine the amount of the security or other asset to buy or sell. This discretion is in concert with the guidelines set forth in the client's investment policy guidelines.

Chesney & Company also makes recommendations on a wide range of direct investment partnerships. These partnerships are made available to eligible investors by subscription agreement only following receipt of the defining documentation ("PPM"). Clients may elect to

participate or decline to participate based on their own discretion. Chesney & Company does not direct private investments on behalf of clients.

Item 17 Voting Client Securities

As a matter of firm policy, Chesney & Company does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

1. Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
2. Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Chesney & Company welcomes any questions regarding these decisions.

Item 18 Financial Information

Under no circumstances does Chesney & Company require or solicit payment of fees more than four months in advance of services rendered. In accordance with SEC regulations, therefore, Chesney & Company is not required to include a financial statement with this brochure.

Chesney & Company has not been the subject of a bankruptcy petition at any time. Chesney & Company has no additional financial condition to report that is reasonably likely to impair our ability to meet our contractual obligations to clients.