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ADV Part II – Disclosure Brochure

Purpose: This brochure provides information about Laidlaw Group's business practices and the qualifications of its managers. If you have any questions about the contents of this brochure, please call us at 914.767.0650 or send an email to david.laidlaw@laidlawgrp.com. The information in this brochure has not been approved by the U. S. Securities and Exchange Commission or any state securities authority.

Laidlaw Group is a registered investment advisor with the SEC and regulated by that agency. However, registration does not imply a certain level of skill or training.

Additional information about Laidlaw Group is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes – This brochure represents the company's annual disclosure document. There are no material changes from last year's brochure.

Last Annual Filing – 3/20/2014

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4. Description of Advisory Business

Laidlaw Group, LLC is a SEC Registered Investment Advisor that was founded in 1998. The firm is 100% owned by David K. Laidlaw.

Laidlaw Group primarily manages separate investment accounts consisting of individual common stocks, Exchange Traded Funds (ETFs), preferred stocks and individual bonds. The firm does not limit its advice to these securities; however, these investments make up the vast majority of the portfolios under management.

Investment portfolios are tailored specifically for each client. Laidlaw Group manages risk for its clients with different risk tolerances mainly by adjusting the allocation of their portfolios between equities and fixed-income securities. Laidlaw Group manages its portfolios with investment discretion; however, clients may impose restrictions on the management of their accounts. Where Laidlaw Group serves as a separate account manager for an advisor, Laidlaw Group relies on that advisor to determine the investment parameters of the account under management.

Laidlaw Group manages both discretionary and advisory (non-discretionary) portfolios for its clients. As of December 31, 2013, total assets under each type of management were:

Discretionary	\$244 million
Advisory (non-discretionary)	\$49 million
Total	\$293 million

David K. Laidlaw serves as the lead portfolio manager to the firm. He co-founded the firm in 1998 after three years with Fissell, Laidlaw & Co., Inc. where he was a Portfolio Manager and member of the Investment Committee. David Laidlaw received the designation of Chartered Financial Analyst (CFA) from the CFA Institute in 1998. He graduated with honors from Rutgers University School of Law Newark in 1994 and received a Bachelors of Arts from Reed College in Biology in 1989.

Benjamin D. Connard serves as lead analyst and trader to the firm. He joined the firm in 2004 after working as an Associate Analyst with NERA of Marsh & McLennan Companies, an economic consulting firm. Benjamin Connard received the designation of Chartered Financial Analyst (CFA) from the CFA Institute in March 2007. He graduated from Williams College in 2002 where he was awarded a B.A. in both Mathematics/Statistics and Economics.

5. Fees and Compensation

Laidlaw Group is only compensated through management fees that it directly charges to its clients. A schedule of fees is included in each investment advisory contract. The firm is not paid by commissions or selling any investment products. The standard schedule of charges calls for fees of 0.5- 1.5% of assets

under management per annum. Fees are negotiable depending on client circumstances and goals. Related accounts and family accounts are aggregated.

Fees are payable quarterly in advance for some accounts and in arrears for others. Clients may terminate investment relationships in writing and receive a pro rata refund if they have paid in advance. Most fees are deducted directly from the accounts under management. Some long-term clients pay the firm separately by check from outside accounts; however, this is an exception to the firm's normal practice.

There are other fees involved in connection with the management of client accounts. Clients pay brokerage commissions to executing brokers (*see Item 12 which addresses the firm's brokerage practices*) directly out of trades executed on their behalf. Clients that custody with banks also pay custodial fees to those banks that hold their assets. Finally, clients may pay fees on pooled investment vehicles held within their accounts. These securities include such investments as Exchange Traded Funds, mutual funds and money market funds.

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

Laidlaw Group serves as the sole general partner and sole investment adviser of East Pier Capital, L.P., a private investment limited partnership ("East Pier"). In that status, Laidlaw Group charges East Pier limited partners a quarterly asset-based fee (at a 1.0% annual rate, or a 0.25% quarterly rate) and an annual performance-based allocation (20% of net capital appreciation, net of prior-period loss recoupment). These compensation arrangements are described in detail in the Confidential Private Offering Memorandum pursuant to which limited partnership interests in East Pier are offered. A prospective investor in East Pier should read carefully the Confidential Private Offering Memorandum and its attached Exhibits before considering an investment in East Pier, and should rely on the more detailed disclosures in those documents.

Therefore, Laidlaw Group manages accounts for an asset-based fee and a performance fee. This presents a conflict of interest since the firm has the potential to earn more from its hedge fund than from its separate accounts. Only qualified investors with high risk tolerances have the opportunity to invest in East Pier Capital. Investors in East Pier Capital are also advised to limit their overall exposure to this investment compared to traditional securities which exhibit less volatility. The benefit of this type of investment is that the fund sells securities short to possibly gain from declines in security prices and the fund also uses leverage to enhance return. The downside is the higher level of risk and higher fees if participation fees are triggered by gains.

7. Types of Clients

Laidlaw Group provides investment management to:

- a. Individuals and Families;
- b. Trusts;
- c. Pension Plans and Retirement Accounts;
- d. Charitable Endowments and Foundations;
- e. Unified Managed Account Sponsors; and
- f. Other Investment Advisors.

Generally, the minimum account relationship is \$500,000 for advisor's management services. However, special circumstances such as family relationships may result in acceptance of smaller accounts. Laidlaw Group also allows a lower account minimum of \$100,000 for assets managed through another advisor.

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

The firm manages accounts that are balanced between stocks and bonds and accounts that solely consist of common stocks. Laidlaw Group also manages fixed-income accounts. Clients with balanced accounts normally desire less volatile portfolios that provide higher levels of current income. Clients that invest in all-equity accounts typically want higher levels of growth.

For common stocks, Laidlaw Group selects its holdings according to fundamental criteria such as cash flow yields relative to the price of the security. The firm also concentrates its portfolios in common stocks that have lower levels of indebtedness relative to the broader market. For its fixed-income investments, Laidlaw Group primarily invests in investment grade bonds or Exchange Traded Funds that hold investment grade bonds.

The firm's managers invest to achieve long-term total returns and do not trade in and out of positions for short-term profits.

Investing in all securities entails risk of loss. Common stock investments are particularly risky since common stock holders do not have any claims against corporate assets.

East Pier Capital, the hedge fund that Laidlaw Group manages, is also a risky investment for additional reasons. This fund sells securities short such that continued increases in prices for short positions cause increasing losses. The fund also uses leverage so that losses in the underlying securities are amplified by the borrowing within the fund.

9. Disciplinary Information

Neither Laidlaw Group nor any of its investment professionals have been disciplined by the SEC or any other regulatory or judicial body.

10. Other Financial Industry Activities and Affiliations

Investment Advice is Laidlaw Group's only business. The firm does not serve as a broker-dealer or benefit from any transactional activities.

David Laidlaw, the firm's Managing Director, is a shareholder of National Advisors Trust Company, a federally chartered trust company through the Office of Comptroller of the Currency. Laidlaw Group recommends that National Advisors Trust Company serve as custodian or trustee where appropriate. David Laidlaw benefits from this recommendation since a larger asset base translates into higher revenues for the trust company which, in turn, may cause the value of the trust company's shares to increase. On the other hand, Laidlaw Group's relationship with National Advisors Trust allows it to receive better service and lower fees for its clients than it would otherwise be able to obtain by itself.

As covered earlier, Laidlaw Group serves as the Advisor and General Partner to East Pier Capital, a long/short investment fund. The firm has an incentive to recommend East Pier Capital to clients, but only does so where appropriate for the client's risk tolerance.

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

All employees and members of Laidlaw Group are required to follow a Code of Ethics. Each employee must act in accordance with the firm's and each individual's fiduciary responsibility. The main tenets of the code include the following:

- Place the interests of clients first;
- All personal securities transactions must be conducted in such a manner as to be consistent with the firm's compliance manual and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- All material facts concerning any conflict of interest must be disclosed;
- Employees must not take inappropriate advantage of their positions;
- Information concerning the identity of security holdings and financial circumstances of clients is confidential;
- Independence in the investment decision-making process is paramount;
- All employees must comply with applicable federal securities law; and
- All employees are to report violations of the firm's code of ethics promptly to the chief compliance officer.

Laidlaw Group will provide a copy of its Code of Ethics included within the firm's compliance manual to any client or prospective client upon request.

As covered earlier, Laidlaw Group serves as the Advisor and General Partner to East Pier Capital, a long short investment fund. Laidlaw Group solicits clients to invest in East Pier Capital. The firm has an incentive to recommend East Pier Capital to clients, but only does so where appropriate for the client's risk tolerance.

Laidlaw Group's managers and employees invest in securities that it buys for clients. Laidlaw Group's employees hold their securities as long-term investments and do not trade for quick profits. There could be a conflict of interest if employees bought thinly traded securities before executing a larger program for clients in the same security since the larger trade could increase the price of the security. Similarly, Laidlaw Group's managers and employees could benefit by selling positions that it owns before executing similar trades in client accounts. Records of the trades of each of the firm's employees are kept electronically in the company's offices and reviewed as part of its compliance program. The firm prohibits its members and employees from buying or selling ahead of large transactions that it executes on behalf of clients.

12. Brokerage Practices

Laidlaw Group recommends brokerage houses or banks to serve as custodians. When the firm selects brokers or dealers for client transactions, the firm's managers choose the most favorable execution terms and prices for the client. Factors considered in obtaining best execution include: commission rate, timeliness, settlement effectiveness, trading capacity, systems and technology, financial condition and research. Clients sometimes pay higher commissions than those obtainable from other brokers in obtaining the best execution possible.

Research and other Soft Dollar Arrangements: The firm receives certain benefits from its custodial banks and brokerage firms. On the operational side, these benefits include such services as electronic downloads and software which helps the firm streamline its operations. Laidlaw Group also receives investment research and invitations to investment conferences through its brokerage relationships.

Any services received from its brokerage or custodial relationships above basic execution is a benefit to Laidlaw Group since the firm does not need to purchase these services separately. However, these services are provided to Laidlaw Group to make it easier to do business with that particular custodian only and do not allow the company to pass on its operational expenses to the custodians.

Laidlaw Group strives to limit its exposure to the conflicts of interest sometimes created by soft dollar arrangements. To this end, Laidlaw Group will only accept services from brokers that directly relate to company research and analysis, including invitations to investment conferences and access to management and analysts. Any research obtained from brokers is used to service all of the firm's accounts rather than those clients alone that generated the commission revenues to fund the services.

Laidlaw Group does not receive client referrals in return for brokerage commissions.

Directed Brokerage: Most of Laidlaw Group's clients are custodied with discount brokerage firms. Laidlaw Group reserves the right to trade with other brokers; however, Laidlaw Group executes the vast majority of its trades with the custodial brokers since those trades are most cost effective. Laidlaw Group has another set of clients that are custodied with banks. These bank clients receive brokerage through delivery versus payment trades executed with outside brokers. Finally, certain clients retain full service brokers for custody of their assets. These clients direct that trades are executed through those full service brokers even though their commission structures are higher than other trades executed by Laidlaw Group. Laidlaw Group gets no benefit from these client directed trades.

Aggregated Transactions: Laidlaw Group primarily buys and sells securities in aggregated blocks for its clients according to where its accounts are custodied. In allocating purchase and sale transactions made on a combined basis, the authorized trades will seek to achieve the same unit price of the securities for each account. Accounts custodied with banks generally allow unfettered trades with executing brokers and trades for all bank custodied assets will be grouped together. With the brokerage relationships, however, it is usually not economically efficient to trade outside of the brokerage which provides custody. Consequently, Laidlaw Group will use several different outlets when trading. Laidlaw Group strives for equity among these outlets and rotates the trading sequence in a fair manner.

Timing of Allocation: All securities trades are allocated to client accounts upon execution or by the close of the trading day.

13. Review of Accounts

The firm has accounts under continuous review. The review process involves assessing the appropriateness of account holdings in light of the clients' investment objectives and constraints. Reviews also cover performance, transactions, reasons for investment decisions and investment strategy. The reviews are conducted by the investment professionals of the firm including David K. Laidlaw and Benjamin D. Connard.

Reports are tailored to fit the client's needs. Generally, a quarterly appraisal is supplied to each client. This appraisal includes a list of the securities held in the account, the shares held, the market value, the percentage of assets represented by the security and the current yield of each security and the portfolio as a whole. Laidlaw Group also provides reports on performance and tax information on a quarterly or annual basis. The firm's managers also make themselves available to their clients to discuss such topics as investment objectives and account performance.

14. Client Referrals and Other Compensation

Laidlaw Group maintains referral arrangements with others. Laidlaw Group may enter into agreements to compensate individuals or companies for client referrals. These agreements typically involve applicant paying a percentage of its management fee to these referrers each quarter. Clients referred to Laidlaw Group through these arrangements receive a disclosure document indicating the nature of the responsibilities and the compensation agreement between Laidlaw Group and the referrer.

15. Custody

All of Laidlaw Group's clients custody their assets with banks and brokerage firms. These custodians send clients a monthly statement of positions and transactions. The custodians also supply supplementary statements concerning tax information on an annual basis. For legal purposes, the statements of the custodians are the statements of record for the accounts under management. Clients are encouraged to review their custodial statements for accuracy.

Laidlaw Group bills certain clients for its management fees one quarter in advance. Therefore, Laidlaw Group is legally deemed to have custody of client accounts according to the SEC's definition. Even though Laidlaw Group is a custodian under the above definition, the company is not required to indicate that it is a custodian in its filing of its ADV Part I and is also not required to provide a balance sheet.

Laidlaw Group sends out appraisals and performance reporting statements that are internally generated to its clients. All clients should compare the statements that they receive from their custodians with the reports generated by Laidlaw Group internally.

Laidlaw Group is the general partner of East Pier Capital, LP, and deemed to be a custodian of those assets. East Pier retains an accounting firm to perform an annual audit of the fund; these audits are sent to all of the investors. David Laidlaw also serves as a personal trustee to an account. This relationship is the result of a family connection and he does not hold himself out to function as a trustee for others.

16. Investment Discretion

Laidlaw Group has investment discretion to buy and sell securities for the majority of its clients without receiving authorization from their clients before executing transactions. Laidlaw Group's investment advisory contract contains a limited power of attorney granting this investment discretion. In consultation with its clients, the firm determines an appropriate asset allocation between equities and fixed-income securities and manages the account according to that guideline. Certain clients restrict the purchase of common stocks according to social concerns or other criteria.

17. Voting Client Securities

Laidlaw Group normally retains the right to vote on client securities proxies through its investment advisory contract. Some clients retain the right to vote proxies themselves.

Laidlaw Group votes its proxies in the manner that its managers believe will maximize the value of the security which it is voting. Theoretically, a conflict of interest could arise if Laidlaw Group attempted to benefit from its voting of client securities if there were benefits that it could obtain through voting one way or another.

A majority of Laidlaw Group's proxies are voted electronically. Reports summarizing proxy decisions are kept electronically and are also available to clients upon request.

18. Financial Information

Laidlaw Group does not solicit its fees more than one quarter in advance of the services it renders. Therefore, the firm will not provide balance sheet data as part of this disclosure.

Neither Laidlaw Group nor its principal, David Laidlaw, has been a party to a bankruptcy petition.