

Arbor Asset Management, LLC

2155 Jackson Ave. Ann Arbor, MI 48103

734-213-1390

Toll Free 877-213-1391

www.arborasset.com

March 6, 2015

FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Arbor Asset Management. If you have any questions about the contents of this brochure, please contact us at 734-213-1390. 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 Arbor Asset Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Arbor Asset Management is 112048.

Arbor Asset Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

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Arbor Asset Management, LLC has been providing investment management and advisory services to individuals, families, pension and profit sharing plans, charitable organizations, corporations, and other businesses, and trust and estate programs since 1996. Neil D. Paoella is the founder and president of Arbor Asset Management and provides ongoing account review, investment evaluation and selection, and supervises account trading. Arbor Asset Management generally manages advisory accounts on a discretionary basis only. As of March 6, 2015, the amount of client assets managed on a discretionary basis is \$262,979,001.00, while the amount of client assets that Arbor Asset Management manages on a non-discretionary basis is \$0.00.

Arbor Asset Management will create a portfolio consisting of one or all of the following: exchange traded funds, individual equities, bonds, other investment products, and no-load and load-waived mutual funds. Arbor Asset Management does not participate in any wrap fee programs. Arbor Asset Management develops a client's customized portfolio following discussions with the client in which individual goals and objectives are established. Arbor Asset Management will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Investments will be selected on the basis of any or all of the following criteria:

- the fund's performance history;
- the industry sector in which the fund invests;
- the track record of the fund's manager;
- the fund's investment objectives;
- the fund's management style and philosophy; and
- the fund's management fee structure.

Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments that will be made on the client's behalf. Clients will retain ownership of all securities.

When appropriate to the needs of the client, Arbor Asset Management may recommend the use of margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

Arbor Asset Management does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of returns of other investment advisers, market indices or investment products.

Fees and Compensation

Form ADV Part 2A, Item 5

Arbor Asset Management fees are billed on a quarterly basis in arrears and calculated using the average of the beginning and ending account market values provided by the client's custodian as of calendar quarter-end. Clients may choose to be billed directly for management fees incurred or, upon approval from the client, fees may be deducted automatically from the client accounts. Such fee arrangements are fully disclosed on the client's quarterly account statement provided by the custodian. Management fees are computed utilizing a single percentage rate that corresponds to the total amount of assets a client has under management. Fees may be negotiable for retired individuals and under certain circumstances. Clients may negotiate fixed fees under unusual circumstances, although Arbor Asset Management expects such arrangements to occur infrequently.

FEE SCHEDULE:

<u>Average Market Value</u>	<u>Annual Management Fee</u>	<u>Quarterly Management Fee</u>
\$0 to \$100,000	1.50%	0.375%
\$100,000 to \$500,000	1.25%	0.3125%
\$500,000 to \$1 Million	1.00%	0.25%
Over \$1 Million	Negotiable	
Minimum Annual Fee	\$500.00	

Arbor Asset Management bills clients for services rendered for partial quarters. In the event a client terminates Arbor Asset Management's services, Arbor Asset Management will bill clients for fees earned through the date of termination. A client agreement may be canceled at any time, by either party, for any reason upon receipt of 7 days written notice. Termination of an advisory agreement by a client will not affect transactions that Arbor Asset Management has initiated on the client's behalf prior to the effective date of such termination.

In addition to Arbor Asset Management's fees outlined above, clients are responsible to pay brokerage commissions, custodial fees and other costs connected with securities transactions executed on behalf of a client's account. Clients are responsible for shareholder fees and expenses associated with securities such as mutual funds and exchange-traded funds.

Arbor Asset Management may charge clients fixed fees for clients requesting limited services of Arbor Asset Management.

Fees and portfolio performance data are calculated using security prices provided by the client's custodian. In the rare instance where the client's custodian is unable to obtain a price or where Arbor Asset Management strongly believes the custodian is not pricing a security fairly, Arbor Asset Management's President will determine a fair value for that security following Arbor Asset Management's internal policies.

Arbor Asset Management does not receive commissions or other compensation for the sale of securities or other investment products recommended to clients. Arbor Asset Management does not receive any asset-based distribution fees from the sale of mutual funds.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Arbor Asset Management does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Types of Clients

Form ADV Part 2A, Item 7

Arbor Asset Management provides portfolio management services to individuals, high net worth individuals, pension and profit sharing plans, trust and estate programs, charitable organizations, and corporations and other businesses. Arbor Asset Management does require an annual minimum fee of \$500 to open or maintain an account. This minimum fee may be negotiated under certain circumstances.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Arbor Asset Management uses various methods of analysis and investment strategies to formulate investment advice and manage client assets. The primary security analysis methods used are Fundamental and Technical. The sources of information used to make investment decisions are:

1. Financial newspapers and magazines;
2. Inspections of corporate activities;
3. Research material prepared by others;
4. Corporate rating services;
5. Company press releases; and
6. Annual reports, prospectuses, filings with the Securities and Exchange Commission

Arbor Asset Management selects those investments which we believe best fit a client's individual investment and financial objectives. Arbor Asset Management does not engage in day trading or profit from short-term market movements. A client portfolio will likely consist of different types of investments, allocated among many styles and asset classes for diversification. The investment strategies used by Arbor Asset Management to implement any investment advice given to clients include:

1. Long term purchases (securities held at least a year);
2. Short term purchases (securities sold within a year);
3. Trading (securities sold within 30 days);
4. Short sales and hedging;
5. Margin transactions; and
6. Option writing, including covered options, uncovered options or spreading strategies.

Arbor Asset Management urges all clients to remember that investing in securities involves risk of loss that clients should be prepared to bear.

Disciplinary Information

Form ADV Part 2A, Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arbor Asset Management or the integrity of Arbor Asset Management's personnel or management. These events may include:

- A criminal or civil action in a domestic, foreign or military court.
- An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- A self-regulatory organization (SRD) proceeding.

Arbor Asset Management has no information or disclosures applicable to this Item.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Arbor Asset Management does not sell products or services other than investment advice to clients and is not actively engaged in a business other than giving investment advice. Arbor Asset Management is not a general partner in any partnership in which clients are solicited to invest.

Registered investment advisers are required to disclose if any management persons are registered (or has an application pending to register) as a broker-dealer or a registered representative of a broker-dealer. Registered investment advisers must also disclose if any management persons are registered (or have an application pending to register) as a futures commission merchant, commodity pool operator, or a commodity trading advisor. Arbor Asset Management has no information or disclosures applicable to this Item.

Registered investment advisers are required to disclose if they recommend other investment advisers to their clients or if compensation, directly or indirectly, is received from business relationships that would create a material conflict of interest. Arbor Asset Management has no information or disclosures applicable to this Item.

Registrant's Principal provides investment advice regarding two private investment funds, Highwood Partners LP and Highwood Partners QP, LP. (See disclosure below).

Please Note: Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Registrant's Principal, Neil Paoella, does receive additional compensation as Senior Vice President of Leonard Capital Management, Inc. ("General Partner"), which serves as the manager and general partner of two private investment funds, Highwood Partners LP and Highwood Partners QP, LP ("Highwood"). Leonard Capital Management, Inc. is a Registered Investment Advisor with offices in Arizona and Michigan. The two Highwood entities are private limited partnerships engaged in the investment of actively traded U.S. listed securities (common stocks). The investment objective of Highwood is to maximize capital appreciation through the holding of both long and short positions in equities. It will attempt to enhance its performance by employing, as it deems appropriate, short-term trading techniques. It will also leverage its portfolio through the use of margin loans (borrowed funds) obtained from its broker. Finally, Highwood employs market-timing techniques to hedge its exposure to market fluctuations during various times, as it deems appropriate. Arbor Asset Management may recommend, on a non-discretionary basis, that qualified clients allocate a portion of their investment assets to Highwood. To the extent that Arbor Asset Management's individual advisory clients qualify, and determine that an investment is appropriate given their investment objective(s) and financial situation, they may participate as limited partners of Highwood. The terms and conditions for participation in Highwood are set forth in Highwood offering documents (discussing fees-including management and incentive fees payable to Leonard Capital Management, Inc. engaged to manage Highwood Partners assets, conflicts of interest, risk factors, and liquidity constraints), which each prospective investor client shall receive, and shall be required to complete and submit the corresponding Subscription Agreement to the General Partner in order to demonstrate qualification for investment in Highwood. Neil Paoella is also an investor in Highwood in his individual capacity.

Please Note: Because of the relationship between Neil Paoella and Leonard Capital Management, Inc., and the management and incentive compensation that may be payable to Neil Paoella, the recommendation that a client of Arbor Asset Management become a Highwood investor presents a conflict of interest. No client is under any obligation to become a Highwood investor. Arbor Asset Management's Chief Compliance Officer, Neil Paoella, remains available to address any questions regarding this conflict of interest.

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

Form ADV Part 2A, Item 11

All employees are required to adhere to Arbor Asset Management's Code of Ethics and Personal Trading Policy, which include standards of conduct Arbor Asset Management expects of its employees. Arbor Asset Management believes the ideals of honesty, integrity and trust should be the minimum requirements of professional conduct for employees. The following core principles are specifically addressed within the Code of Ethics and Personal Trading Policy:

1. The interest of clients will always be placed ahead of any employee's own personal investment interests;
2. Employees shall not take inappropriate advantage of their position with Arbor Asset Management;
3. Employees shall exercise diligence and care in maintaining and protecting nonpublic client information;
4. Employees are expected to comply with Federal securities laws.

Registered investment advisers are required to disclose if they buy or sell securities for client accounts in which the adviser has a material financial interest. Arbor Asset Management has no disclosures applicable to this Item.

Arbor Asset Management employees may purchase or sell securities also recommended for clients, subject to the Code of Ethics and Personal Trading Policy's restrictions and procedures. Arbor Asset Management has no obligation to purchase or sell for an individual client any security which Arbor Asset Management, its principals, affiliates or employees may purchase or sell for themselves or for other clients. Client transactions are generally placed ahead of, or simultaneously with, employee personal trades. Personal trades will only be placed simultaneously with client transactions when Arbor Asset Management deems its clients will not be harmed.

The Code of Ethics and Personal Trading Policy requires Arbor Asset Management to maintain a record of personal securities transactions and holdings. Records of certain securities, as permitted by law, are not required to be maintained by Arbor Asset Management, including open-end mutual funds, US Government securities and money market instruments.

A copy of the Code of Ethics and Personal Trading Policy is available upon request.

Brokerage Practices

Form ADV Part 2A, Item 12

The decision of which broker or dealer to use rests with the client. Arbor Asset Management recommends clients use Charles Schwab & Company and TD Ameritrade for custody and brokerage services. For these clients, Arbor Asset Management generally directs these brokers to execute trades, although we may from time to time recommend to clients that we direct transactions to other qualified broker/dealers as executing broker in an effort to obtain quality execution for our client accounts. We believe Charles Schwab and TD Ameritrade offer clients a compelling combination of cost and services that will benefit clients. Arbor Asset Management receives no client referrals from a broker/dealer. Arbor Asset Management has no affiliation and receives no compensation from either company.

Arbor Asset Management may receive standard technology and research services provided by Schwab to all Schwab Institutional participating advisers, and Arbor Asset Management does not have an option to not receive access to such research. Arbor Asset Management maintains no formal or informal arrangements with any broker, including Schwab, for such services, and any services provided by brokers may be used to service all of the firm's accounts.

From time to time, clients may instruct Arbor Asset Management to direct trades to a specific broker-dealer in exchange for certain benefits to be received by the client. In making such an instruction, the client may forgo any benefit from savings on execution costs that Arbor Asset Management could obtain for other clients.

When practical, client trades in the same security may be aggregated into a single order (a "block") in an effort to obtain best execution. Arbor Asset Management maintains written aggregation and allocation procedures, which are designed to reasonably ensure all buy and sell opportunities, are allocated fairly among clients and that, over time, all clients are treated fairly. Arbor Asset Management generally attempts to fill all client orders by day-end. If a block order is not filled by day-end, Arbor Asset Management's President will allocate shares executed to underlying accounts with the objective of ensuring underlying accounts are treated fairly in light of the facts and circumstances of the trade, taking into consideration factors including:

1. Transaction costs to clients;
2. Levels of cash within specific accounts;
3. Account guidelines and construction – i.e., where the security makes the most sense or represents the best fit within the portfolio; and
4. Where appropriate, filling shares on a pro rata basis.

Review of Accounts

Form ADV Part 2A, Item 13

Your account at Arbor Asset Management is monitored daily. We check balances and trade results, and make changes in your portfolio as circumstances warrant. The President, Neil Paolella, is responsible for reviewing all client accounts. A formal account review occurs no less frequently than quarterly in connection with the firm's issuance of quarterly reports.

Clients receive monthly market value and transactional statements from the account's custodian and quarterly performance reviews and statements from Arbor Asset Management. Clients receive regular account statements monthly directly from the client's custodian, which provide details of account holdings and investment activity. An annual tax statement is also provided.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Arbor Asset Management does not receive commissions or other economic benefits from a non-client in connection to giving advice to clients.

Arbor Asset Management does not compensate any person for client referrals.

Custody

Form ADV Part 2A, Item 15

Clients receive at least quarterly, statements directly from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Arbor Asset Management urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you quarterly. Arbor Asset Management's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

Form ADV Part 2A, Item 16

Arbor Asset Management usually receives discretionary authority from the client at the onset of an advisory relationship to select the identity and amount of securities to be bought and sold. This authority is granted by the client when trading and disbursement authorization is selected on account applications or by the execution of a limited power of attorney form. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts to be invested, Arbor Asset Management observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and specific restrictions must be provided by the client to Arbor Asset Management in writing.

Voting Client Securities

Form ADV Part 2A, Item 17

Clients may appoint Arbor Asset Management the authority to vote client securities by selecting this option on their account application. When the responsibility for voting client proxies rest with Arbor Asset Management, the firm strives to vote all proxies in the client's best interests. The decision of how to vote follows the same criteria the firm uses in managing client assets – to vote for proposals in such a manner that, in Arbor Asset Management's opinion, will increase shareholder value. As the quality of a company's management is often a key determining factor when selecting equity securities for client portfolios, Arbor Asset Management typically votes in a manner consistent with the company management's recommendations.

If Arbor Asset Management encounters a material conflict of interest when voting proxies, Arbor Asset Management will employ one of the following actions to reasonably ensure the proxy voting decision is based on the client's best interests and is not a product of the conflict:

1. Engage an independent party to determine how to vote the proxy;
2. Vote in proportion to other shareholders;
3. Refer the proxy to the client or to a fiduciary of the client for voting purpose; or
4. Disclose the conflict to the affected clients and seek their consent to vote the proxy.

Upon client request, Arbor Asset Management will provide a copy of the Proxy Voting Policy. Also, upon client request, Arbor Asset Management will provide a report describing how Arbor Asset Management voted the client's proxy records.

Financial Information

Form ADV Part 2A, Item 18

Arbor Asset Management bills clients on a quarterly basis in arrears and requires no prepayment for services. Therefore, Arbor Asset Management is not required to provide a balance sheet of the most recent fiscal year.

Arbor Asset Management is required in this Item to provide you with certain financial information or disclosures about its financial condition. Arbor Asset Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Arbor Asset Management has not been the subject of a bankruptcy proceeding.

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