

Kaltbaum Capital Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Kaltbaum Capital Management, LLC (“Kaltbaum” “Company” or the “Advisor”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this brochure, please contact us at 407-514-3180. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Kaltbaum is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure contains information about the Company and there have been no material changes since its last annual update.

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Item 4 Advisory Business

Kaltbaum provides investment supervisory services on a discretionary or non-discretionary basis as stated in the investment advisory agreement. Kaltbaum will be responsible for selecting the amount of securities to be bought and sold when accounts are managed on a discretionary basis. Accounts managed on a non-discretionary basis, Kaltbaum will be responsible for selecting the amount of securities to be bought or sold only after obtaining the client's approval.

Portfolios are actively managed by investing in equities, fixed income securities, or exchange traded funds ("ETFs") depending on the investment strategy and subject to any investment restrictions imposed by the client. The Advisor offers three investment strategies and within each strategy, the Advisor has the flexibility to accommodate client portfolio requirements.

- Growth strategy – the investment objective of this strategy is to achieve capital appreciation by investing in individual equities or ETF's with medium to high beta stocks.
- Fixed income strategy – the investment objective of this strategy is to preserve capital and earn income by investing in a combination of corporate debt, municipals and ETFs.
- ETF strategy – the investment objective of this strategy is to achieve capital appreciation by investing in ETFs.

Advisor may take concentrated positions in various securities if it deems it appropriate. There can be no assurance that the investment objective will be achieved or that the Advisor's strategies will be successful. In adverse market conditions all or any portion of a client's account may be invested in cash or cash instruments. The Advisor's strategies are continually developing and evolving, and while it is anticipated that the Advisor will invest primarily in securities that represent the investment strategy

discussed above, the Advisor has broad and flexible investment authority. Therefore, there is no material limitation on the instruments or markets in which the Advisor may purchase or sell. Capital market conditions and client circumstances are continuously monitored, and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

Certain discretionary accounts will not be managed in accordance with any of the strategies offered by the Advisor. Instead they are managed based on the goals and objectives of each individual client. The Advisor will analyze existing holdings and make investment decisions based on market conditions and the client's goals and objectives. It is expected that the accounts managed on an individual basis will have different investment portfolios compared to accounts managed to a particular strategy listed above.

Sub-Advisory Services

Kaltbaum serves as sub-adviser to other registered investment advisers. Under such arrangements, other investment advisers may recommend that their clients retain Kaltbaum as an investment advisor. Generally, the client enters into an investment advisory agreement with their investment adviser agreeing to engage Kaltbaum as the sub-adviser. Kaltbaum maintains exclusive investment discretion as to which securities shall be purchased or sold in a client's account in a manner consistent with the client's selected investment strategy. It is up to the client and their investment adviser to select the most appropriate strategy offered by Kaltbaum.

The Company registered as an investment adviser in August of 2010 and is solely owned by Gary Kaltbaum. As of January 1, 2015 the Company managed approximately \$75 million on a discretionary basis.

Item 5 Fees and Compensation

Compensation for the Advisor's investment management services is derived as fee income based upon the percentage of assets under management. The compensation method is explained and agreed with the clients in advance before any services are rendered.

Asset based management fees range up to 2.00% of assets placed under management. The amount of the fee is negotiated on a case-by-case basis, and is determined based upon a number of factors including but not limited to the amount of work involved, the assets placed under management and the attention needed to manage the account. These fees are for advisory services only and do not include any applicable transaction fees, taxes or commissions (please refer to *Brokerage Practices*).

Asset based management fees are generally billed quarterly in advance at one fourth of the annual rate based on a percentage of the client's assets under management at the end of the previous quarter. The value of the account includes money market fund and cash balances. Any contributions and/or withdrawals made during a calendar quarter will cause an adjustment to the advisory fee.

Fees will generally be deducted directly from the client's brokerage account pursuant to a written agreement, however clients may request that the Company send quarterly invoices to be paid by check. Investment advisory services begin with the effective date of the Agreement, which is the date the client signs the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by the Company, as the custodian will not determine whether the fee has been properly

calculated. The fee collected by the Company will appear on the client's custodial statement.

Advisory fees charged by Kaltbaum are separate and distinct from fees and expenses charged by mutual funds, which may be recommended to clients. A description of these fees and expenses are available in each fund's prospectus.

The Company's service may be terminated by either party upon written or oral notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. The client is responsible to pay for services rendered until the termination of the agreement.

Sub-Advisory Fee

The fee schedule and termination policies for sub-advisory services are negotiated separately by Kaltbaum and each investment adviser. The fees paid to Kaltbaum generally up to 1.00 % of assets under management, depending on the strategies employed, the level of assets to be managed and the amount of client servicing required. The fee schedule and termination policies for clients in each sub-advisory arrangement will be provided to potential clients by their investment adviser.

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

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (*e.g.*, an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

Some clients may prefer to pay fees based upon the performance of the portfolio. Therefore, Kaltbaum reserves the right to charge performance based fees if clients have at least \$1 million in assets under management with KCM or have a net worth of \$2 million at the time a contract is signed. Clients who elect to pay a performance based fee will be charged up to 20% of the quarterly realized and unrealized gain in the portfolio, using the valuation as reported by the custodian at the quarter end.

Differing fee structures, including performance fee arrangements, may cause an incentive to allocate investments with favorable return characteristics to clients paying higher fees. Kaltbaum strives to ensure that each recommended investment is appropriate for the particular client in light of the characteristics of the specific investment opportunity and the client's overall portfolio composition. In no instance will clients paying performance-based fees receive preferential treatment over clients not paying performance-based fees. As a fiduciary, Kaltbaum recognizes its duties to act in good faith and with fairness in all of its dealings with all clients.

Item 7 Types of Clients

The Company primarily provides investment management services to individuals, pensions and profit sharing plans, trusts, estates or charitable organizations.

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

When purchasing equities, the Advisor uses technical and fundamental analysis to identify investment opportunities and to make sell decisions. Once a stock is identified as a possible buy, charts and computers are used to research its past price patterns and relationships between specific market variables and stock prices. The Advisor looks for the development of a rising trend and a proper basing pattern channel. All stock holdings are monitored daily for negative price movements and the Advisor may short any equity holding as deemed appropriate by the Advisor. There are other technical trading rules applied by the Advisor that involve the on-going intra-day monitoring of charts and prices.

When purchasing fixed income securities, the Advisor will seek to purchase bonds that are medium credit quality investment grade, e.g. BB or higher, which are judged by the rating agency as likely enough to meet payment obligations.

When purchasing ETFs, the Advisor will seek to purchase ETFs of various asset classes and economic sectors it believes will perform well over certain periods using a tactical asset allocation strategy.

All investing involves a risk of loss and the investment strategy offered by the Company could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including but not limited to:

- Stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- Non-diversification risk, which is the chance that the performance may be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. The Company's investment strategy tends to be considered non-diversified, which means that it may invest a greater percentage of its assets in the securities of particular issuers.
- Management techniques used by the Advisor may not produce the desired results. This could cause accounts to decline in value.
- Interest rate risk is the risk that fixed-income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Investments in debt securities with long-term maturities may experience particularly significant price declines if long-term interest rates increase.

The identification of securities believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired.

Item 9 Disciplinary Information

Kaltbaum and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

Gary Kaltbaum, the sole owner of the Advisor, has no other financial industry activities or affiliations at this time.

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

To avoid any potential conflicts of interest involving personal trades, Kaltbaum has adopted a written trading policies and procedures (“Code”) for its employees which include a formal code of ethics and insider trading policies and procedures. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of personal securities transactions for certain employees, annual affirmations of compliance and regular reviews of holdings and transactions. Kaltbaum and/or its officers or employees are permitted to trade in securities that are held in client accounts or being considered for purchase in client accounts. If the possibility of a conflict or interest occurs, the client's interest will prevail. It is the policy of Kaltbaum that priority will always be given to the client's orders over the orders of an employee of the Kaltbaum.

A copy of Kaltbaum’s Code shall be provided to any client or prospective client upon request.

Item 12 Brokerage Practices

The Company generally recommends that clients arrange for their assets to be held with Charles Schwab & Company (“Schwab”). There is no affiliation between the Company and Schwab, however Schwab does provide independent investment advisers services and other tools for managing client accounts.

Schwab provide the Advisor and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services helps the Advisor manage or administer its clients’ accounts while others help the Advisor manage and grow its business. Schwab’s support services are generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients’ assets in accounts at Schwab. The availability to the Advisor of Schwab’s products and services is not based on the Advisor giving particular investment advice, such as buying particular securities for its clients.

Services that Benefit clients. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

Services that May Not Directly Benefit clients. Schwab also makes available to the Advisor other products and services that benefit the Advisor but may not directly benefit clients or their accounts. These products and services assist the Advisor in managing and administering clients’ accounts. They include investment research, both Schwab’s own and that of third parties. The Advisor may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only the Advisor. Schwab also offers other services intended to help the Advisor manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Advisor. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide the Advisor with other benefits such as occasional business entertainment of our personnel. The availability to Kaltbaum of the foregoing products and services is not contingent upon Kaltbaum committing to Schwab to generate commissions. However, it is contingent on having assets in custody with Schwab.

As part of its fiduciary duties to clients, Kaltbaum endeavors at all times to put the interests of its clients ahead of its own. Clients should be aware, however, that the receipt of economic benefits by Kaltbaum in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Schwab for custody and brokerage services.

Kaltbaum also receives from Schwab certain additional support services ("Additional Services") since it will have close to \$100 million held with Schwab. For example, Schwab agreed to reimburse termination fees clients incurred when transferring their account from the previous custodian to Schwab. The amount paid was up to \$100 per account. Going forward, Schwab will cover some or all of the cost for portfolio management and accounting software. Schwab may also pay for other services utilized by Kaltbaum.

These Additional Services are provided to Kaltbaum at Schwab's sole discretion and at its own expense. Kaltbaum does not pay any fees to Schwab for these Additional Services. In providing Additional Services to Kaltbaum, Schwab most likely considers the amount and profitability to Schwab of the assets maintained with Schwab. Consequently, in order to continue to obtain the Additional Services from Schwab, Kaltbaum will have an incentive to recommend to its clients that the assets under management by Kaltbaum be held in custody with Schwab. Kaltbaum's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including its duty to seek best execution of trades for client accounts.

For accounts clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. While we have the ability to use other brokers to place trades, all trades will be placed through Schwab since it also serves as the custodian. Anytime we place trades with other brokers, Schwab charges clients trade-away fees and we believe these fees outweigh any benefits when placing trades with other brokers.

When purchasing or selling the same security for more than one client the Company will aggregate an order to ensure clients receive the same price. By aggregating orders it ensures that no particular client is favored over other clients. Specifically, each client that participates in aggregated order will participate at the average share price for all transactions in that security on that business day. Securities are allocated in proportion to the size of the order placed for each account. In the event an order is partially filled the Company will allocate securities pro rata based on the original order. However, the Company may increase or decrease the amount of securities allocated if it would be impractical to allocate a small

number of securities among the accounts participating in the transaction. Employees of the Company will not participate in any trading done on an aggregate basis. Instead employees can trade after all client trades have been executed.

The Company will accept direction from clients or agree to limitations with respect to the Company's brokerage discretion as to which broker is to be used and what commissions are to be paid. Any such direction or limitation must be in writing. Clients who direct the Company to use a particular broker to execute transactions for their accounts should be aware that, in so doing, they may adversely affect the Company's ability to, among other things, obtain best price and execution, and the cost of the transaction may be greater. Clients that direct their brokerage should also be aware that Company will generally place such trades after the completion of trades for clients that do not direct their brokerage.

Item 13 Review of Accounts

All client accounts are reviewed regularly based on the Advisor's assessments of market conditions and the circumstances of the client. General conditions in the stock and bond markets are continuously monitored. Factors triggering reviews, and perhaps triggering buy or sell recommendations, include changed circumstances of the clients; changed general conditions in the stock and bond markets; and changes in mutual funds or individuals securities owned by clients. The Managing Member, Mr. Gary Kaltbaum, reviews all accounts with the assistance of Advisor's professional investment staff. There is no set minimum or maximum in place with regard to the number of accounts that he will review.

For money management services, clients are kept fully informed about their portfolio activity by receiving copies of all transaction confirmations and monthly/quarterly statements from brokerage firms and/or custodians. Clients will also receive account statements directly from their chosen custodian, e.g. Schwab, no less than quarterly.

Item 14 Client Referrals and Other Compensation

The Company does not compensate any person for client referrals nor does it offer or receive sales awards or prizes for providing investment advice to clients.

Item 15 Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, e.g. Schwab, but the Company can access many client funds through its ability to debit advisory fees. For this reason the Company is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by the Company.

Item 16 Investment Discretion

The authority to manage accounts on a discretionary basis subject is set out in an investment advisory agreement executed with between the Advisor and client. If a client agrees to discretionary management, the Advisor will be responsible for selecting the amount of securities to be bought and sold. The only limitations on the investment authority will be those limitations imposed in writing by the client.

There may be conflicts of interest over the Advisor's time devoted to managing any one account and the allocation of investment opportunities among all accounts managed by the Advisor. The Advisor will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. The Advisor may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any particular client so long as it does not violate any of its fiduciary standards.

The Advisor is not obligated to acquire for any account any security that the Advisor or its officers, partners, members or employees may acquire for its or their own accounts or for the account of any other client, if in the absolute discretion of the Advisor, it is not practical or desirable to acquire a position in such security.

Item 17 Voting Client Securities

Notwithstanding the Advisor's discretionary authority to make investment decisions on behalf of Client, the Advisor will not exercise proxy voting authority over Client securities. The obligation to vote Client proxies shall at all times rest with Client. Client shall in no way be precluded from contacting the Advisor for advice or information about a particular proxy vote. However, the Advisor shall not be deemed to have proxy voting authority solely as a result of providing such advice to Client.

Should the Advisor inadvertently receive proxy information for a security held in Client's account, then the Advisor will immediately forward such information on to Client, but will not take any further action with respect to the voting of such proxy. Upon termination of its Agreement with Client, the Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by the Advisor on behalf of Client to the forwarding address provided by Client to the Advisor. Any information received by the Advisor which relates to the voting of clients' proxies shall be maintained by the Advisor for a period of five years from the date of receipt, the first two years in the offices of the Advisor.

Item 18 Financial Information

Kaltbaum has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.