



CLIENT DISCLOSURE BROCHURE

PYA Waltman Capital, LLC

2076 Lakeside Centre Way

Knoxville, Tennessee 37922

(865) 693-6301

www.pyawaltman.com

September 18, 2015

This Brochure provides information about the qualifications and business practices of PYA Waltman Capital, LLC. If you have any questions about the contents of this Brochure, please contact Jessica Ott, our Chief Compliance Officer, at (865) 693-6301 or jott@pyawaltman.com. 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.

We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

TABLE OF CONTENTS

COVER PAGE.....	i
TABLE OF CONTENTS.....	ii
ADVISORY BUSINESS	1
FEES AND COMPENSATION	3
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
TYPES OF CLIENTS.....	7
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
DISCIPLINARY INFORMATION.....	11
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	11
CODE OF ETHICS.....	12
BROKERAGE PRACTICES.....	12
REVIEW OF ACCOUNTS	15
CLIENT REFERRALS AND OTHER COMPENSATION	15
CUSTODY.....	16
INVESTMENT DISCRETION	16
VOTING CLIENT SECURITIES	16
FINANCIAL INFORMATION	17

ADVISORY BUSINESS

Our Owners and Principals

Our firm was established in 2005 and our principal owners are J. William Waltman, Jr, Douglas Yoakley and Edward Pershing. For purposes of this section, the persons owning twenty-five percent (25%) or more of our firm's membership interests are our principal owners.

Our Advisory Services

We offer a variety of services to both existing and prospective clients, including financial planning, investment supervisory and management services, and retirement plan services. We tailor our advice and services to the stated objectives of each of our clients.

Financial Planning Services

Our financial planning services typically involve reviewing the client's overall financial situation, personal and financial goals, risk tolerance and objectives. When we provide financial planning services, we will rely on the information you provide to us. We will not verify this information when preparing our recommendations. Our financial planning services may include one or more of the following:

Portfolio Review and Evaluation	Retirement Planning
Retirement Account Analysis	Education Funding Planning
Insurance Review and Analysis	Cash Flow and Net Worth Analysis
Consulting with Retirement Plan Sponsors	Estate Analysis and Planning
Consulting on the Purchase of Substantial Assets	Budgeting
Developing a Comprehensive Written Financial Plan	Financial Planning Education

In order to provide the client with comprehensive financial planning services, we may engage Douglas Yoakley to provide clients guidance on estate and tax planning matters. As stated above, Mr. Yoakley is a principal owner of our firm and an independent certified public accountant. Mr. Yoakley and our investment adviser representatives do not provide legal advice. Clients should review their specific situations with their tax advisor or legal professional for information regarding the tax implications of making a particular investment or taking any other action. When requested we will work with the client's attorney, accountant or other professional advisers who are responsible for providing legal, tax and accounting advice. As part of your financial plan, we may recommend other services we offer or the services of other professionals to implement our recommendations. While recommending our own services may present a conflict of interest, you are under no obligation to act upon any of our recommendations and you are not required to engage the services of any recommended professional, including us as an investment manager. You retain absolute discretion over all financial planning implementation decisions and may accept or reject any of our

recommendations. It is your responsibility to notify us promptly if there is any change in your financial situation or investment objectives so that we may review, evaluate, or revise our previous recommendations and services.

We provide financial planning services pursuant to a written financial planning agreement with the client. This financial planning agreement may be terminated by the client or us at any time by giving five business days prior written notice.

Investment Supervisory Services and Investment Management Services

We offer investment management services in which we actively manage client assets based upon the client's individual financial and personal needs, investment objectives, time horizon and risk tolerance. We employ a tactical style of investment management, which means that we may overweight or underweight various asset classes (i.e. equities, bonds, cash, etc.) depending upon market conditions. Each client's account will be individually managed and, as such, may contain different securities from clients with similar objectives. Additional differences in holdings may stem from securities transferred into the account, cash available for the purchase of securities and gradients of risk tolerance requested by clients within the same investment objective. The unique nature of each client's account may result in the client's investment returns being different from other clients with the same investment objective.

Our investment management services may include, but may not be limited to, the use of no-load mutual funds, load-waived mutual funds, individual securities (i.e. stocks and bonds), options, exchange traded funds and separate accounts. We may actively manage the client's assets on a discretionary or non-discretionary basis, as determined by the client and set forth in the written investment management agreement signed by us and the client. When managing assets on a discretionary basis, clients may provide us with written guidelines and restrictions with respect to our authority to invest in certain securities or types of securities. If we manage the client's assets on a non-discretionary basis, then the client ultimately has the authority to make the investment decisions.

Our investment management agreement may be terminated by us or the client at any time by providing the other party with five business days written notice. If either party terminates the agreement, we will prorate and, if greater than \$5.00, refund our unearned advisory fees.

Also, if we give notice of any proposed "assignment" of the agreement, the client may immediately give notice to terminate the investment management agreement. Termination of an investment management agreement will not affect any liabilities or obligations we have incurred or that have arisen from transactions initiated under the agreement prior to the termination date, such as the purchase of investments by us for the client's account. The client is responsible for any cost incurred in transferring assets from his or her account to a different account. After the date the agreement terminates, we will have no further duties or obligations to the client under the agreement.

Wrap Fee Program

We also offer investment management services to our clients under a Wrap Fee Program (the “**Program**”). If a client participates in the Program, we charge their account a specified fee which covers our advisory services and the fees for executing transactions within the account. We cover all brokerage commissions on these accounts.

A complete description of the Program and its fees are contained in our Part 2A Appendix, which is the Program Brochure. To request a copy of the Program Brochure, please contact Jessica Ott, our Chief Compliance Officer, at (865) 693-6301 or jott@pyawaltman.com.

Retirement Plan Services

We offer both retirement plan consulting and discretionary investment management services to plan sponsors. When we provide consulting services to a plan sponsor, we may assess the existing plan, manage the request-for-proposal process, provide advice on plan design, conduct due diligence on investment offerings and provide participant education. Plan sponsors may also engage us to provide investment advice to the participants of the qualified plan, which may include providing plan participants with a presentation or informational flyer containing our investment recommendations within the plan’s available funds based on the current market conditions.

We also offer discretionary investment management services to plan sponsors through our Strategic Managed Portfolio (SMP), a model asset portfolio comprised of investments that may or may not be available through the retirement plan. Participants in the plan are not required to invest in the SMP, but may do so based upon their personal financial goals, or the plan participant may choose to invest in the plan's other available investments. We monitor the SMP’s investments on an ongoing basis and have discretion to change the investments and allocations within the SMP as we deem necessary or appropriate. Therefore, if a participant invests in our SMP, our changes to the investments and allocations are automatically made to the participant’s account based upon our ongoing recommendations.

Assets Under Management

We manage client assets on either a discretionary or nondiscretionary basis. As of December 31, 2014, we had \$182,509,411 in client assets managed on a discretionary basis and \$270,133,563 in client assets managed on a nondiscretionary basis.

FEES AND COMPENSATION

Although fees for our services may be negotiated under certain circumstances, our standard fees are set forth below.

Fees for Financial Planning Services

Our fees for financial planning services are negotiable and will vary depending upon the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency that the services are rendered. Typically our financial planning fees range from \$1,000 to \$5,000. We may perform routine financial planning for clients with assets under discretionary management at no additional cost. All financial planning fees described below are for services rendered by us. Client fees will not be increased when we engage Mr. Yoakley to provide guidance on the client's tax and estate planning matters. The financial planning fees described below do not include fees incurred by our clients with other professionals (i.e. personal attorney, accountant, etc.) in connection with the financial planning or implementation process.

We will generally charge for financial planning services under one of three basic types of fees as follows:

Fees for Comprehensive Written Financial Plan

Our fees for creating a written financial plan are negotiable depending upon the client's stated needs, goals, and the complexity of the client's personal and financial situation. The fee will be agreed upon at the time the financial planning agreement is executed. Comprehensive financial planning fees are payable in one of several ways:

- Flat fee payable upon delivery of the completed financial plan;
- Flat fee of which a portion is payable on execution of the financial planning agreement and the remainder upon delivery of the completed financial plan;
- Flat fee payable in installments with the final payment due upon delivery of the completed financial plan; or
- Hourly fee billed in arrears monthly, quarterly or upon completion of engagement.

Fees for One-time or Ongoing Financial Planning Services

Fees for one-time or ongoing reviews or updates to a comprehensive financial plan are negotiable and will be agreed upon when the client agreement is executed. The fees are payable (i) as a flat fee paid in full at the completion of each review, (ii) flat fee payable in installments, or (iii) as an hourly fee billed in arrears monthly, quarterly or upon completion of engagement. The billing method chosen will be set forth in the financial planning agreement signed by us and the client.

Limited Scope Financial Planning Fees

Fees for limited scope services that focus on one or more separate areas, but which do not involve the creation of a comprehensive written financial plan, are negotiable based on the complexity of the issues involved and the nature of the analysis or advice requested. These fees will be agreed to at the time the financial planning agreement is executed. We bill for limited scope planning services (i) as a flat fee paid in full at the completion of the review, (ii) flat fee payable

in installments, or (iii) as an hourly fee billed in arrears monthly, quarterly or upon completion of engagement.

Investment Supervisory and Investment Management Fees

Fees for our investment advisory services are negotiable based upon the size and complexity of the account. Our standard investment management fee schedule is as follows:

Client Assets Under Management	Advisory Fee
\$0 - \$1,000,000	1.25% (annualized rate)
\$1,000,000 - \$2,000,000	1.00% (annualized rate)
Greater than \$2,000,000	.80% (annualized rate)

Fees are assessed quarterly in advance and based on a percentage of the client's assets under our management. We calculate fees based on the market value of the client's account(s) on the last day of the previous quarter. No adjustments will be made for deposits or withdrawals that occur during the billing period. If the investment management agreement is terminated by either party prior to the end of a billing period, we will prorate any fees, and if greater than \$5.00, return the prorated amount to the client. Accounts initiated during a calendar quarter will be charged a prorated fee.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers or third party investment managers. There may also be custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we do not receive any portion of these commissions, fees and costs.

Wrap Fee Program Fees

Clients who utilize our investment management services under the Wrap Fee Program are charged an annual fee based upon a percentage of the market value of the client's assets under our management. Our fee for the Program is called a "wrap fee," which means that our fee includes all commissions or transaction fees which otherwise would be incurred by the client.

For a complete description of the Program and its fees, please see our Part 2A Appendix, which is the Program Brochure. To request a copy of the Program Brochure, please contact Jessica Ott, our Chief Compliance Officer, at (865) 693-6301 or jott@pyawaltman.com.

Direct Billing to Client's Custodian

Clients may elect to be billed directly for fees or to authorize us to directly bill our fees to the custodian for the client account. Generally, clients authorize us under the Investment Management Agreement to grant the custodian permission to directly deduct our fees from the client's account. The custodian's periodic statements will show each fee deduction from the client's account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Fees for Retirement Plan Services

Fees for our retirement plan services will vary based upon several factors, including the needs of the client, complexity of the engagement and the number of retirement plan participants. Fees will be agreed to at the time the client agreement is executed and may be payable in one or more of the following manners:

- Flat fee payable upon completion of the engagement;
- Flat fee payable in installments with the final payment due upon completion of the engagement;
- Hourly fee billed in arrears monthly, quarterly, or upon completion of the engagement;
- Annual fee billed quarterly in advance; and/or
- A fee based upon assets under management.

If the plan sponsor or trustees of a retirement plan elect to include a Strategic Managed Portfolio (SMP) in the investment options available to the plan's participants, we charge an additional annual fee of .5% (paid quarterly) of the plan assets invested in the SMP, in addition to any consulting fees payable to us by the client. Please see the section titled "**ADVISORY BUSINESS – Retirement Plan Services**" on page 2 for a description of our SMP.

Other Compensation/Advisory Fee Off-Sets

As described in more detail in the section titled "**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**" on page 11, one of our investment adviser representatives, Eric Foster, is also independently registered to sell insurance through various insurance companies. When clients choose to purchase insurance through Mr. Foster, he will receive commission from the insurance company, which results in additional compensation to him, and may create a potential conflict of interest. To mitigate this conflict of interest, clients have the option of choosing to purchase the recommended insurance through other insurance agents.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Clients who invest in accordance with our Contra Strategy will be charged a performance fee. As such, only “Qualified clients” (those who have a net worth of more than \$2,000,000 or at least \$1,000,000 under management with our firm) may be charged a performance based fee and, accordingly, may invest in the Contra Strategy. Performance fees are appropriate only for qualified clients who have the capacity to bear the risk associated with performance fee arrangements.

The performance based fees are based on profits generated for clients subject to certain conditions described below. In each case, the performance fees are specifically authorized under our investment management agreement with the client. In our Contra Strategy, we typically charge an annual performance fee of 20% on any profits on investments in the client account above 6%.

The performance fee calculation may create an incentive for our firm to make investments that are riskier or more speculative than would be the case in the absence of a performance fee formula.

TYPES OF CLIENTS

We provide our services to individuals, entities, pension and profit-sharing plans, IRAs, tax deferred qualified retirement plans, trusts, estates and charitable organizations.

We impose certain conditions for opening and maintaining an investment supervisory account. Generally, a minimum of \$500,000 of cash and/or securities is required to open an account. We have discretion to waive this minimum for any reason. There is no minimum asset size for any of our other services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Our primary method of investment analysis is fundamental value, but we also review technical considerations as part of investment decisions. Fundamental analysis is a technique that focuses on the economic well-being of a financial entity as opposed to only its price movements to attempt to determine a security’s value. When conducting fundamental analysis, we will review information, such as annual reports and SEC filings, for information regarding the company’s financial well-being and value. Because it can take an extended period for a company’s value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock’s market price rises to the company’s true value.

While fundamental analysis typically drives our research approach, we may also use technical analysis to a lesser extent, to gauge near-term supply and demand to help determine timing, as well as entry and exit points of investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. There are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We obtain information from a number of sources, including financial newspapers and magazines, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. We believe these sources of information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

Investment Strategies

We use a variety of investment strategies depending on the client's circumstances and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short-term purchases (held less than a year) and trading (held less than 30 days). Also, if appropriate, we may recommend the purchase or sale of long-term call options or the purchase of long-term put options to implement advice that we give clients. Our strategies also take into account the client's investment goals and tolerance for risk. Based upon this, we may recommend strategies that focus on one of the following strategies: current income; income and growth; growth; and aggressive strategy. In addition, for appropriate clients, we offer a Contra Strategy which is an aggressive growth strategy.

The Contra Strategy is not diversified and concentrates its investments in securities or sectors of the market where risk may be higher than other growth strategies. The Contra Strategy will involve more frequent trading and may employ other investment techniques, such as shorting the market or buying and selling puts and calls, which may increase risk of loss. While clients who choose the Contra Strategy may withdraw or move funds out of this strategy at any time, we typically recommend that any clients invested in the Contra Fund remain invested in accordance with that strategy for at least three years.

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities or life insurance products), municipal securities, options contracts and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international or equities/bonds. We may recommend periodic purchases, sales and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in client needs, market conditions or economic developments.

Types of Investments

We offer advice about a wide variety of investment types, including individual securities, puts, calls, mutual funds, index funds, exchange traded funds (“ETFs”), limited partnerships, real estate investment trusts and fixed and variable annuities, each having different types and levels of risk. We will discuss these risks with each client in determining the investment objectives that will guide our investment advice for their account. We will explain and answer any questions clients have about these kinds of investments, which present special considerations such as the following.

Risk of Loss; General

Investing in securities involves risk of loss that clients should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with clients to attempt to identify the balance of risks and rewards that is appropriate and comfortable for each client. However, it is still the client’s responsibility to ask questions if they do not fully understand the risks associated with any investment or investment strategy.

In addition, the Contra Strategy is not designed to be a core holding of a client’s portfolio and is appropriate only for aggressive investors who are seeking above-average returns, regardless of market conditions, are comfortable with concentrated portfolios, and are willing and able to accept significant volatility and permanent risk of loss of the client’s entire investment.

While we strive to render our best judgment on our clients’ behalf, many economic and market variables beyond our control can affect the performance of client investments and we cannot assure clients that their investments will be profitable or assure clients that no losses will occur in their investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment adviser, but it is not a predictor of future performance.

In addition to the foregoing, below are what we believe to be the primary risks:

Market Risk: The value of individual securities may decline in response to news and general economic conditions of domestic and international markets. Markets can also experience a decline in liquidity which can negatively impact security prices while increasing the difficulty to exit a position.

Security Selection Risk: Individual securities may decline in value due to negative news and fundamental developments specific to the issuer. The rationale for selecting the security either may not be correct or the market may not recognize the value.

Portfolio Concentration Risk: We manage portfolios that are concentrated in fewer positions than the overall market and the corresponding index/benchmark. Given that diversification is lower, the impact of loss from an individual security may be significant.

Asset Allocation and Investment Strategy Risk. The value of a portfolio can be affected by the types and amounts of particular asset types that comprise the portfolio as well as the strategies employed to manage the assets within the portfolio. The use of any particular asset allocation or investment strategy does not assure that the performance of a portfolio will be profitable or protected against losses. Furthermore, any particular asset allocation or investment strategy, while designed to manage risk and/or enhance returns, may not produce the desired results.

Foreign Securities Risk: Foreign securities may be subject to additional risks due to different economic and political environments, the degree of available information, different accounting and regulatory practices, and currency fluctuation impact.

Government Regulation and Policy Risk: The value of investments, both domestically and internationally, can be affected by the changes in regulations imposed by governments or the policies undertaken by governments, including tax regulations, import/export rules, central bank policy actions, capital controls, employment and other business-related regulations.

Margin / Leverage: When margin (borrowing of cash or securities based upon the portfolio value of your account) is used, there are additional costs. The use of margin causes the account to pay a fee for the “loan value” received on the margin amount used. This is paid by you as a client. In addition, margin uses the current (long) portfolio position as collateral for the loan; if the market should turn negative, we may be forced to sell positions to cover the margin ratio as dictated by law and the broker’s agreement for margin; or, you may be required, in declining markets to contribute additional capital to cover margin collateral deficiencies. These costs and additional capital requirements, if applicable, may negatively impact the performance of your account.

Frequent Trading: We anticipate that there may be frequent trading in our Contra Strategy. Frequent trading will increase costs to clients.

Performance-Based Compensation Agreements: We receive performance-based fees as compensation for managing our Contra Strategy. These fees may result in substantially higher payments to us than traditional fee arrangements and may incentivize us to take riskier, more speculative positions than would have been taken had the compensation agreement been devoid of performance fees.

Risk of Loss; Mutual Funds, Index Funds and Exchange-Traded Funds

Mutual funds and ETFs typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses and sometimes a distribution fee. If the fund also imposes sales charges, clients may pay an initial or deferred sales charge. These separate fees and expenses are disclosed in each fund’s current prospectus, which is available from the fund or we can provide it to clients upon request.

Consequently, for any type of fund investment, it is important for clients to understand that they are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

Most mutual funds offer several “classes” of their shares which may be purchased by different types of investors or investors with different investment objectives. These are also described in the mutual funds’ prospectuses. Depending on the client’s investable assets, investment objectives and time horizon, different classes may be more appropriate for the client’s circumstances. We can discuss with the client the available classes of mutual fund shares, the different purposes for which they may be purchased and the differences in commissions and charges associated with each share class.

Risk of Loss; Variable Annuities

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company’s credit risk. These and other risks are described in the variable annuities’ prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to a client depending on their circumstances, which we can discuss with the client. Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges and other expenses are disclosed in the prospectus.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted previously, this means that there are two layers of advisory fees incurred – one layer paid to the insurance company and one layer paid to our firm for our advisory services.

DISCIPLINARY INFORMATION

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment adviser, we are required to disclose information regarding our business activities, other than giving investment advice, our other activities in the financial

industry and any arrangements with related persons that are material to our advisory business or clients. As part of our financial planning advice, we may recommend that a client purchase insurance. As we stated previously, Eric Foster, our Vice-President and investment adviser representative, is independently licensed to sell insurance through various insurance companies. If a client purchases insurance through Mr. Foster, he receives commission from the insurance company, and the receipt of this compensation may create a potential conflict of interest. However, to mitigate this conflict of interest, clients have the option of choosing to purchase the recommended insurance through other insurance agents or agencies.

CODE OF ETHICS

We have adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act describing the standards of business conduct we expect all officers, directors, employees and advisory representatives to follow. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of the Code to any client or prospective client upon request.

The firm’s employees may, from time to time, buy or sell securities for their own accounts that are the same as, similar to or the opposite of those that the firm recommends to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance and the timing of purchases and sales. Jessica Ott, the Chief Compliance Officer of our firm, receives and reviews the quarterly brokerage statements belonging to all access persons for possible conflicts of interest.

Our Code is in place and enforced to ensure that no one is taking advantage of their position, or placing their own interests above that of our clients. Clients or prospective clients can request a full copy of the Code by contacting Jessica Ott, our Chief Compliance Officer, at (865) 693-6301 or jott@pyawaltman.com.

BROKERAGE PRACTICES

Directed Brokerage & Soft Dollars

We recommend that clients use Fidelity Registered Investment Advisor Group (“Fidelity”) for their securities brokerage services. We believe that Fidelity’s size, position in the brokerage industry, and technological systems make its rates competitive with other brokerage firms. Commissions our clients pay to Fidelity are not negotiable. Our agreement with Fidelity provides that clients may pay \$14.95 (up to 1,000 shares) for equity trades and up to \$30 for mutual fund trades, although a number of mutual funds may be traded without commissions. The cost of any trade is dependent upon the size of the account, statement delivery options, type of trade and number of shares being traded. We believe that Fidelity’s technology

is one of the best in the industry. Fidelity is privately-owned, and therefore is less likely to be the target of an acquisition which can be disruptive to business. Fidelity is committed to being the leader in the registered investment adviser industry.

Our arrangement with Fidelity provides us with free access to some macro-level research such as Argus Research Company and Decision Economics, and access to certain software (such as Morningstar) and research (Standard & Poor's, Argus, etc.) at reduced rates. Research services we receive as a result of commissions paid by a particular account may be used to service other accounts, including those accounts where the clients directed their brokerage. We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as where we commit to place a specific level of brokerage with a specific firm in return for which the brokerage firm will pay for various research related products or services for us that are generally available for cash purchase.

In order to ensure that our clients continue to receive "best execution" for their transactions, we annually review Fidelity's performance and compare it to the performance of other institutional broker-dealers. We review both quantitative factors (such as price and speed of execution) as well as qualitative factors (such as technology, customer service and available research).

Occasionally, clients direct us to utilize a specified broker-dealer, of the client's choosing, to effect transactions for or with the client's account. The client should understand that, in the case of such a directed brokerage arrangement: (1) the client will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements; (2) we will not seek better execution services or prices from other brokers and dealers in connection with transactions for the client's account; (3) we will not be able to aggregate transactions for the account of the client with transactions for our other clients not subject to a similar such arrangement; (4) we will not monitor the performance of or the services provided by the brokers and dealers so designated; (5) and as a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. However, we may seek better execution services or prices from other brokers or dealers or aggregate the client's transactions for execution if such action is required by law or fiduciary duties, including but not limited to, the fiduciary duty provisions under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), if the client is a plan subject to ERISA, or if the designated broker or dealer is unable or unwilling to effect a particular transaction or transactions, which may occur with certain transactions involving fixed-income securities.

Aggregation of Orders

Many of our clients are invested in accordance with a similar investment strategy. We have adopted a trade allocation policy to govern how we handle the aggregation of orders for more than one client's account. For clients invested in a similar strategy, we may purchase and

sell the same securities for all clients invested in the same or similar strategy. In that case, we may (although we are not obligated to do so) aggregate the orders to be purchased or sold. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately. We will not aggregate orders unless we believe doing so is consistent with our disclosures, the terms of our investment management agreements and any client's investment policy statement or other restrictions.

The custodian for our clients' accounts will execute the trades. The average cost of execution will not decrease. Instead, each client will pay a commission on the trade based upon the size of the client's account and the number of shares traded. Because of prevailing trading activity, it is frequently not possible to receive the same per share price on the entire volume of securities purchased or sold. When this occurs, each client account that participates in an aggregated order will receive the average share price for all of our transactions in that security on a given business day. We utilize software that will automatically allocate the average share price to those clients participating in the trade. If an aggregated order is partially filled, it will be allocated on a pro rata basis among the participating clients.

We will not include orders for a proprietary account (our firm account or an account of an "access person") in a partially filled aggregated order. Purchases and sales for a proprietary account will not be placed until all of our clients' orders have been completed except where the order is part of a fully filled aggregated order, for mutual fund shares, direct obligations of the U.S. government or other securities where the market's bid/ask price would not be affected by the order for a proprietary account.

Trade Errors

We have the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of client transactions due to our actions, our policy is to seek to identify and correct any errors as promptly as possible without disadvantaging our clients.

If an inaccurate or erroneous trade is detected in a client account custodied at Fidelity or TD Ameritrade, it will be corrected through our firm's error account. Any gains realized on a correcting trade in our firm's error account will be retained and used to offset losses resulting from future trading errors. The balance of the error account will be recorded in our accounting records as required.

If the inaccurate or erroneous trade is detected in an account where the client has directed brokerage to a custodian other than Fidelity or TD Ameritrade, our firm will place an offsetting transaction in the account to correct the error. If the error is our responsibility, we will reimburse the client for any loss resulting from the error. Any gains incurred when correcting the error will be retained by the client.

REVIEW OF ACCOUNTS

Review

Client investment management accounts are reviewed on a regular basis, at least quarterly, by their Investment Advisory Representative. These reviews ensure that accounts are being managed in accordance with the client's chosen investment objective and risk tolerance and to verify the accuracy of account holdings.

At least annually, we will contact each client in writing to request information to determine whether there has been any change in the client's financial situation, investment objectives or instructions. Based upon the information we receive or other information known to us, we may meet with the client in person. We will also meet with the client at the client's request or as we otherwise deem necessary.

Also, we notify clients, at least quarterly, in writing that the client should contact us if there have been any changes in the client's financial situation or investment objectives.

Reports

We send investment management clients quarterly reports reflecting the performance of their investment portfolio. Clients may also have electronic access to their portfolio through their custodian's website and may be able to create and/or print various information concerning their portfolio investments. Investment management clients will receive confirmations of their purchases and sales and quarterly and/or monthly statements from the broker-dealer or custodian containing account information such as account value, transactions, and other relevant account information from the account custodian.

CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, we may enter into written agreements with third parties to market our services and solicit potential advisory clients for us. If we engage a third party solicitor, we will enter into a written solicitation agreement with that person or entity and the written agreement will comply with Rule 206(4)-3 and other applicable requirements under the Investment Advisers Act of 1940. If there is a solicitor involved in a client's account, they will receive a separate solicitor's disclosure brochure describing our solicitation arrangement with the solicitor, the compensation we pay to the solicitor and the terms of that relationship. The client will also receive a copy of this Brochure.

In addition, several owners of our firm, who are not engaged in our day to day business, refer clients to us. As owners, these individuals share in the profits of our firm and thus indirectly benefit from any client referrals made to our firm. All clients and prospective clients referred by such owners are given a solicitor's disclosure brochure explaining that the referring owner has a financial interest in referring business to us.

Regardless of whether a client became a client through a third party solicitor or one of our owners, the client will not be charged additional fees or a higher investment advisory fee as a result of the referral.

CUSTODY

Clients receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account reports that we provide to clients, as described in the section titled "**REVIEW OF ACCOUNTS**" on page 15. Our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

INVESTMENT DISCRETION

If a client grants us discretionary authority, that authority will be in writing in the agreement signed between the client and our firm. This discretionary authority gives us the power to determine, without obtaining specific client consent, the securities to be bought or sold for the portfolio, the amount of securities to be bought or sold, and in most cases, the broker-dealer to be used. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and by considering the size of the client's account and the client's risk tolerance. Our discretionary authority only permits us to transfer funds or securities in the client's name. We do not maintain custody of client accounts. Clients will likely sign an agreement with their custodian recognizing our power to authorize trades on the client's behalf and direct the purchase and sale of securities within the client's account.

When selecting securities and determining amounts, we observe the investment objectives, limitations and restrictions of the clients for which we advise. As described in more detail in the section titled "**ADVISORY BUSINESS**" on page 1, clients may establish written investment guidelines and restrictions.

VOTING CLIENT SECURITIES

As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in a client's account. Proxy solicitation materials will be forwarded to the client for response and voting.

FINANCIAL INFORMATION

As a registered investment adviser, we are required to provide clients with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to our clients.