

**Brochure**

**Form ADV Part 2A**

**Item 1 - Cover Page**



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**September 1, 2015**

This brochure provides information about the qualifications and business practices of Bayhawk Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (404) 537-2940 or [mwiles@bayhawkllc.com](mailto:mwiles@bayhawkllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Bayhawk Asset Management, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Bayhawk Asset Management, LLC also is available on the SEC's website at **[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov)**.

**Item 2 - Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 16, 2015. Of course the complete Brochure is available to clients at any time upon request.

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## ***Item 4 - Advisory Business***

### **General Information**

Bayhawk Asset Management, LLC ("Bayhawk") was formed in 2010 and provides asset management, portfolio analysis, tactical asset allocation and sub-advisory services.

Mark Steven Palmer and Thomas Christopher Comsudes are the principal owners of Bayhawk. Please see ***Brochure Supplements***, Exhibit A, for more information on these principal owners and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2014, Bayhawk managed \$228,371,418 on a discretionary basis, and no assets on a non-discretionary basis.

### **SERVICES PROVIDED**

At the outset of each direct client relationship, Bayhawk spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Bayhawk helps to define with each direct client:

- the client's risk tolerance, return needs and financial long-term goals (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's attitude toward risk and return, and the future goals of the client. The Investment Plan outlines the types of investments Bayhawk will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed periodically with each direct client, but are not necessarily written documents.

Bayhawk provides discretionary investment advisory services to clients, primarily through financial intermediaries such as broker-dealers, registered investment advisors, financial planners and CPAs (the "Solicitors" or "Primary Advisors") with whom the client has an established relationship. A client not working directly with Bayhawk will select an investment strategy after consultation with the client's Primary Advisor.

While Bayhawk requests that clients complete our Financial Profile, many clients have chosen not to provide Bayhawk with this information. Often times, the Primary Advisor may use a questionnaire separate from Bayhawk's Financial Profile and has determined suitability based on the information contained therein. In such instances, Bayhawk relies upon the Primary Advisor and the client to determine the goals and objectives of the portfolio in question. Under these arrangements, while accounts may be monitored on a regular basis for performance and adherence to a client's stated objectives, the client's stated objectives for the account(s) under management may be formed without consideration of the client's other assets, investments, insurance and other obligations. In any case, it is the responsibility of the Primary Advisor and/or the client to promptly notify Bayhawk of any changes in financial condition of the client that would necessitate a change in the client's investment objective.

### **Portfolio Management**

Bayhawk has six different managed portfolios, each a "Model". The six Models are:

- (1) Diversified Income Portfolio;
- (2) Diversified Yield Plus;
- (3) Conservative Portfolio;
- (4) Moderate Portfolio;
- (5) Growth Portfolio, and
- (6) Diversified Equity Portfolio.

Each Model is managed according to the established investment objective for that particular Model, and Bayhawk has a specific investment strategy for each Model.

As described above, at the beginning of a client relationship that is not initiated by a Primary Advisor, Bayhawk meets with the client, gathers information and performs research and analysis as necessary to develop the client's Investment Plan. Alternatively, for those clients referred to Bayhawk by a Primary Advisor, Bayhawk will be provided the Investment Plan by the Primary Advisor, which Bayhawk will then carry out on the client's behalf. The Investment Plan will determine which Model or combination of Models best suit the client's needs, as reflected in the Financial Profile. The Investment Plan will be updated from time to time when requested by the client or the Primary Advisor, or when determined to be necessary or advisable by Bayhawk based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, Bayhawk will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Bayhawk will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Bayhawk in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Bayhawk.

#### Wrap Programs

Some clients have chosen to engage Bayhawk through its wrap program (the "Bayhawk Wrap Program" or the "Program") in order to simplify the payment of management fees and brokerage expenses. The Program does not at present include any outside managers, but exists solely for administrative expediency in combining brokerage expenses with Bayhawk's portfolio management fees.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Clients enter into one of two fee arrangements. Generally, clients elect to pay management fees to Bayhawk separately from the brokerage expenses of the account. Accordingly, client accounts pay a management fee, plus the cost of transactions in the account. The brokerage expenses may take the form of asset-based pricing, meaning that the broker/dealer charges the account a flat-rate

percentage to cover all brokerage expenses, or these expenses may be assessed on a per-trade basis. Please see **Item 12 - Brokerage Practices** for additional information.

Alternatively, some clients may engage in the Bayhawk Wrap Program. The Wrap Program fee structure includes the brokerage expenses (e.g., commissions, ticket charges, etc.) of the account as well as the management fee paid to Bayhawk. Under the all-inclusive billing alternative, Bayhawk will assess one client fee that captures the management, brokerage and administrative portions collectively. Inasmuch as Bayhawk pays to broker/dealers the transaction and execution costs associated with client accounts, this may create a disincentive for Bayhawk to trade securities in accounts.

In either of these arrangements, the fees noted above are separate and distinct from the internal fees and expenses charged by mutual funds, Exchange Traded Funds (ETFs), or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Bayhawk and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Please see **Item 12 - Brokerage Practices** for additional information.

#### Portfolio Management Fees

The annual fee schedule is based on a percentage of assets under management. The standard annual investment management fee for Bayhawk's investment services is as follows:

First \$500,000	1.75%
Next \$500,000	1.60%
Balance over \$1,000,000	1.50%

The minimum portfolio value is generally set at \$50,000; however, this amount may be higher or lower depending upon the custodian broker's requirements. Bayhawk may impose a minimum annual fee. Bayhawk may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Bayhawk deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization, fees are normally debited directly from the client's account(s), unless other arrangements are made. Depending on the specific contractual arrangement, fees may be prorated for cash flows during the quarter.

Either Bayhawk or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Bayhawk from the client will be invoiced or deducted from the client's account prior to termination.

When Bayhawk works with a Primary Advisor to provide advisory services to a client, the Primary Advisor will typically share in the client's management fee. Clients must sign an acknowledgement of receipt of a written disclosure statement describing the terms of the fee sharing arrangement at or before the inception of the engagement. Clients that are introduced to Bayhawk via a Primary Advisor could pay more or less than the standard fee. In other arrangements, a client has given the Primary Advisor authority to negotiate fees and directly hire Bayhawk as a sub-advisor on his/her behalf. In these arrangements, the client will pay separate fees to the Primary Advisor and to

Bayhawk which will be described in the applicable advisory agreements. In either case, the Primary Advisor's role will be to determine the client's Investment Plan, monitor the overall financial situation of the client, and to assist the client with understanding the investment approach and performance of Bayhawk.

#### Wrap Program Fees

As described above, clients may participate in Bayhawk's Wrap Program. Clients participating in the Wrap Program will generally pay the fees listed above, but do not separately pay brokerage expenses in the account(s) managed by Bayhawk. The minimum portfolio value is generally set at \$50,000. Bayhawk may impose a minimum annual fee. Bayhawk may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Bayhawk deems it appropriate under the circumstances.

#### ***Item 6 - Performance-Based Fees and Side-By-Side Management***

Bayhawk does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Bayhawk has no performance-based fee accounts, it has no side-by-side management.

#### ***Item 7 - Types of Clients***

Bayhawk serves individuals, pension and profit sharing plans, charitable organizations, foundations and corporations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$50,000. Bayhawk may impose a minimum annual fee. Under certain circumstances and in its sole discretion, Bayhawk may negotiate such minimums.

#### ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***

##### Methods of Analysis

In accordance with the Investment Plan, Bayhawk makes three primary decisions with regard to a client portfolio.

- (1) *Market Allocation.* This is the ongoing allocation to stocks, commodities, bonds, alternative investments and money market funds, which will vary over time. This decision is based upon a stock market composite comprised of monetary, valuation, investor psychology and momentum/technical analysis indicators.
- (2) *Asset Class Allocation.* This step involves identifying which asset classes within the stock market, bond market and alternative investment area to overweight and underweight, and will vary over time. This decision is based primarily upon relative strength and relative valuation, as well as expected portfolio risk reduction characteristics.
- (3) *Investment Selection.* This final step entails deciding which ETF and/or mutual fund to use to represent the desired asset class in a Model. Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, overall ratings for safety and returns, and other factors.

##### Investment Strategies:

Bayhawk specializes in active, tactical asset allocation portfolio management. Our team of investment professionals continually studies the inter-relationship between past and present

market conditions. Our three-part investment process is intended to alert us to changes in market conditions that might require a shift in our allocation: more defensive (less stock funds, more bond/money market) or more offensive. Based on more than twenty years of collaboration, the seasoned Investment Team at Bayhawk utilizes this process to guide our portfolio allocations.

Bayhawk's portfolio-level strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

#### Risk of Loss

While Bayhawk seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Bayhawk manages client investment portfolios based on Bayhawk's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Bayhawk allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Bayhawk's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Bayhawk will invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* Bayhawk may invest portions of client assets directly into equity investments, primarily in pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* Bayhawk may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Alternative Investment Risks.* Bayhawk may invest portions of clients' assets directly into mutual funds that employ alternative investment strategies designed to provide risk reduction benefits to the portfolio in times of market stress. The risks to alternative strategies include, without limitation, interest rate risk, currency risk, inflation risk, liquidity risk and active management decision risk.

*Foreign Securities Risks.* Bayhawk may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Bayhawk or the integrity of Bayhawk's management. Bayhawk has no disciplinary events to report.

#### ***Item 10 - Other Financial Industry Activities and Affiliations***

Neither Bayhawk nor its Management Persons have any other financial industry activities or affiliations to report.

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

##### **Code of Ethics and Personal Trading**

Bayhawk has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Bayhawk's Code has several goals. First, the Code is designed to assist Bayhawk in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Bayhawk owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Bayhawk (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Bayhawk's associated persons. Under the Code's Professional Standards, Bayhawk expects its associated persons to put the



interests of its clients first, ahead of personal interests. In this regard, Bayhawk associated persons are not to take inappropriate advantage of their positions in relation to Bayhawk clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Bayhawk's associated persons may invest in the same securities recommended to clients. Under its Code, Bayhawk has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

Because associated persons may invest in the same securities as those held in client accounts, Bayhawk has established a policy requiring its associated persons to pre-clear transactions in certain of these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, Bayhawk's goal is to place client interests first.

Consistent with the foregoing, Bayhawk maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and avoid conflicts with client transactions. If a Bayhawk associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Bayhawk's written policy.

### ***Item 12 - Brokerage Practices***

#### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Bayhawk seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Bayhawk may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Bayhawk's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Through a careful selection process, Bayhawk has identified a number of firms ("the Custodians") that provide custodial and/or brokerage services to the clients of investment advisers. Bayhawk reviews each client's individual circumstances and planned investment program, and recommends the Custodian that Bayhawk feels is most appropriate to meet those needs. Although Bayhawk may

recommend that clients establish accounts at a specific Custodian, it is ultimately the client's decision to custody assets with the Custodian. Bayhawk is independently owned and operated and is not affiliated with the Custodians.

The Custodians provide Bayhawk with access to its institutional trading, custody, reporting and related services, which are typically not available to the Custodians' retail investors. The Custodians also make available various support services. Some of those services help Bayhawk manage or administer our clients' accounts while others help Bayhawk manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by the Custodians. The Custodians brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Bayhawk client accounts maintained in its custody, the Custodians generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Custodians or that settle into the Custodians accounts. The Custodians also make available to Bayhawk other products and services that benefit Bayhawk but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Bayhawk accounts, including accounts not maintained at the Custodians.

The Custodians' products and services that assist Bayhawk in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Bayhawk's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The Custodians also offer other services intended to help Bayhawk manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. The Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to Bayhawk. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Bayhawk. The Custodians may also provide other benefits such as educational events or occasional business entertainment of Bayhawk personnel. In evaluating whether to recommend that clients custody their assets at the Custodians, Bayhawk may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians, which may create a potential conflict of interest.

#### Directed Brokerage

Clients may direct Bayhawk to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or

disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Bayhawk to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Bayhawk that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

Bayhawk may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows Bayhawk to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

Bayhawk will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Bayhawk's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Bayhawk's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Bayhawk will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Bayhawk. Bayhawk's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is

necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Bayhawk will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

#### Trading Rotation

Generally, trades will be aggregated for each group of participating client accounts that share a common custodian. Bayhawk places the orders for aggregated block trades through a rotation of the executing custodians to mitigate the risk that any particular group is disadvantaged over time by the timing of the executions.

#### ***Item 13 - Review of Accounts***

Bayhawk's Model portfolios are reviewed on a continuous basis. When the Senior Investment Strategists decide to make a change in a Model, this change is then applied to individual accounts as appropriate.

Individual managed accounts are reviewed daily by Bayhawk's staff to ensure that each account is in line with the Model(s) selected for the account. If an account's allocation changes, generally due to cash flows, then the account will be reviewed by a Senior Investment Strategist, and may be adjusted accordingly. Also, the Investment Plan for a client will be reviewed upon client request or upon receipt of information material to the management of a client portfolio, such as a change in a client's individual situation.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. Bayhawk will provide additional quarterly performance reports or other reports as needed or requested by the client.

#### ***Item 14 - Client Referrals and Other Compensation***

As noted above, Bayhawk may receive an economic benefit from the Custodians in the form of support products and services it makes available to Bayhawk and other independent investment advisors that have their clients maintain accounts at the Custodians. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of the Custodians' products and services to Bayhawk is based solely on our participation in the programs and not in the provision of any particular investment advice.

From time to time, Bayhawk may enter into arrangements with third parties ("Solicitors" or "Primary Advisors") to identify and refer potential clients to Bayhawk. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, Bayhawk enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with Bayhawk.

#### ***Item 15 - Custody***

It is the account custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information

carefully, and to notify Bayhawk of any questions or concerns. Clients are also asked to promptly notify Bayhawk if the custodian fails to provide statements on each account held.

From time to time and in accordance with Bayhawk's agreement with clients, Bayhawk will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. There may at times be small differences due to the timing of dividend reporting and pending trades.

#### ***Item 16 - Investment Discretion***

As described above under ***Item 4 - Advisory Business***, Bayhawk manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client's investment portfolio, Bayhawk will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Bayhawk the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Bayhawk then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Bayhawk and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Bayhawk and the client.

#### ***Item 17 - Voting Client Securities***

As a policy and in accordance with Bayhawk's client agreement, Bayhawk does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Bayhawk with questions relating to proxy procedures and proposals; however, Bayhawk generally does not research particular proxy proposals.

However, in a limited number of cases, clients have contracted for this additional service with Bayhawk. With respect to securities selected on behalf of the client in these situations, Bayhawk may vote proxies where required under those client agreements. Bayhawk seeks to vote proxies in the best interest of the client(s) holding the applicable securities. In voting proxies, Bayhawk considers factors that Bayhawk believes relate to the client's investment(s) and factors, if any, that are set forth in written instructions from the client.

In general, Bayhawk believes that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, Bayhawk generally votes **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;
- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;
- Proposals that Bayhawk believes may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and
- Proposals that maintain or increase the rights of shareholders.

Bayhawk will generally vote **against** any proposals that Bayhawk believes will have a negative impact on shareholder value or rights. If Bayhawk perceives a conflict of interest, Bayhawk's policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

A copy of our complete policy, as well as records of proxies voted; are available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

***Item 18 - Financial Information***

Bayhawk does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

# **Exhibit A**

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Mark S. Palmer, CFA**

**CRD# 2685946**

5116 Beacon Road  
Palmetto, Florida 34221

**of**

**Bayhawk Asset Management, LLC**

13 West Park Square  
Suite A  
Marietta, Georgia 30060

(404) 537-2940

[www.BayhawkLLC.com](http://www.BayhawkLLC.com)

September 1, 2015

This brochure supplement provides information about Mark Palmer, and supplements the Bayhawk Asset Management, LLC ("Bayhawk") brochure. You should have received a copy of that brochure. Please contact us at (404) 537-2940 if you did not receive Bayhawk's brochure, or if you have any questions about the contents of this supplement.

Additional information about Mark is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Mark S. Palmer (year of birth 1962) is one of Bayhawk's Global Investment Strategists. Mark is a member of the firm's investment committee and oversees the day-to-day research functions at Bayhawk. Along with Tom Comsudes, Mark founded Bayhawk in 2010 after a twenty-three year collaboration with Tom at Bell Capital Management, where both served on the investment committee.

Mark graduated from Georgia State University with an MBA in Finance, and the University of Georgia with a BBA in Finance. He holds the Chartered Financial Analyst® designation\* and is a member of the CFA Institute (formerly AIMR).



Mark enjoys spending time with his family boating and supporting his daughters' many activities. He also enjoys church activities, tennis, golf and reading.

\* The Chartered Financial Analyst® ("CFA®") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

### ***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Mark has no such disciplinary information to report.

### ***Item 4 - Other Business Activities***

Mark is not engaged in any other business activities.

### ***Item 5 - Additional Compensation***

Mark has no other income or compensation to disclose.

### ***Item 6 - Supervision***

As a Managing Member of Bayhawk, Mark, along with Tom Comsudes, supervises all duties and activities of the firm. Their contact information is on the cover page of this disclosure document.

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Thomas C. Comsudes**

**CRD# 1546758**

**of**

**Bayhawk Asset Management, LLC**

13 West Park Square  
Suite A  
Marietta, Georgia 30060

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[www.BayhawkLLC.com](http://www.BayhawkLLC.com)

September 1, 2015

This brochure supplement provides information about Tom Comsudes, and supplements the Bayhawk Asset Management, LLC ("Bayhawk") brochure. You should have received a copy of that brochure. Please contact us at (404) 537-2940 if you did not receive Bayhawk's brochure, or if you have any questions about the contents of this supplement.

Additional information about Tom is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Thomas C. Comsudes (year of birth 1962) is one of Bayhawk's Global Investment Strategists. Tom is a member of the firm's investment committee and oversees the day-to-day strategic planning functions at Bayhawk. Along with Mark Palmer, Tom founded Bayhawk in 2010 after serving twenty-five years on the investment committee at Bell Capital Management. Tom is a graduate of Stetson University with a BBA in Finance.

Tom and his wife, Maria, have two children, Gabrielle and Samuel, and reside in a log cabin at the base of Kennesaw Mountain. Tom enjoys golf and most outdoor activities. He also enjoys reading, music and volunteering his time to several worthy causes.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Tom has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Tom is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Tom has no other income or compensation to disclose.

***Item 6 - Supervision***

As a Managing Member of Bayhawk, Tom, along with Mark Palmer, supervises all duties and activities of the firm. Their contact information is on the cover page of this disclosure document.

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Mark Thomas Wiles, CFA**

**CRD# 6258449**

**of**

**Bayhawk Asset Management, LLC**

13 West Park Square  
Suite A  
Marietta, Georgia 30060

(404) 537-2940

[www.BayhawkLLC.com](http://www.BayhawkLLC.com)

September 1, 2015

This brochure supplement provides information about Mark Wiles, and supplements the Bayhawk Asset Management, LLC ("Bayhawk") brochure. You should have received a copy of that brochure. Please contact us at (404) 537-2940 if you did not receive Bayhawk's brochure, or if you have any questions about the contents of this supplement.

Additional information about Mark is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Mark Thomas Wiles (year of birth 1985) is Bayhawk's Investment Research Analyst and also serves the firm's Chief Compliance Officer. Mark is a member of the firm's investment committee and is responsible for daily research activities at Bayhawk. Prior to joining Bayhawk in 2010, Mark worked at Bell Capital Management as an account administrator for two years.

Mark graduated from Georgia Institute of Technology with a BS in Economics in 2008. He holds the Chartered Financial Analyst® designation\* and is a member of the CFA Institute.

He enjoys cooking and anything to do with the water. He also enjoys the outdoors, reading history books, and photography.

\* The Chartered Financial Analyst® (“CFA®”) designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor’s degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Mark has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Mark is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Mark has no other income or compensation to disclose.

***Item 6 - Supervision***

As a Managing Member of Bayhawk, Tom Comsudes, along with Mark Palmer are responsible for supervising Mark Wiles and for reviewing accounts. Their contact information is on the cover page of this disclosure document.