



Form ADV, Part 2A
CLIENT BROCHURE

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This brochure provides information about the qualifications and business practices of Brasada Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at 713-630-8390 and/or www.BrasadaCapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Brasada Capital Management, LP is a registered investment advisor. Registration with the SEC or any other state securities authority does not imply any level of skill or training.

Additional information about Brasada Capital Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Effective April 1, 2017 Brasada Capital Management, LP acquired the assets of Friedberg Investment Management, an Investment Adviser located in Houston, Texas.

We may further provide other ongoing disclosure information about material changes as necessary.

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A. General Description of Firm

Brasada Capital Management, LP, (“Brasada” or “Firm”) a Texas limited partnership was created in June, 2008 and has its principal place of business in Houston, Texas. Brasada provides investment advisory services on a discretionary basis to a private pooled investment vehicle, subadvised accounts and separately managed accounts. At this time, Brasada provides investment advisory services to one private pooled investment vehicle, (the “Fund”), two subadvised accounts (“Subadvised Accounts”) and fifty separately managed accounts (“Separate Accounts”), all products together referred to as (“Clients”).

Principal owners of the firm are: Mark Edward McMeans and James Gabriel Birdsall.

B. Advisory Services

Brasada acts as the investment manager to a private Fund whose limited partners may include high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, partnerships, corporations and other institutions. The Fund’s objective is to maximize long-term, risk-adjusted absolute returns through long/short equity investments, or through exposure from derivative instruments where appropriate, predominantly in U.S. based companies. The Fund seeks to accomplish this objective by purchasing securities whose growth prospects are believed to be underappreciated by the market, while shorting companies perceived by the Investment Manager to be fundamentally challenged. This objective will be driven by a bottom up investment process and supplemented by risk management and hedging strategies.

Brasada also provides investment advisory services to Separate Accounts which may include high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. Brasada’s investment advisory services include but are not limited to: the management, operation and control of the investment and trading activity of its Clients and monitoring activity to ensure the Clients follow their stated investment objectives.

C. Customized Advisory Services

Outside of the advisory services listed above, Brasada does not tailor its advisory services to the individual needs of its Fund investors. However, Brasada’s Subadvised and Separate Account investors may impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

Neither Brasada nor its Clients participate in any wrap fee programs.

E. Assets Under Management

As of 12/31/2016, Brasada managed approximately \$187 million in assets. All assets are managed on a discretionary basis.

A. Compensation for Advisory Services

For its Fund, Brasada charges a management fee (the “Management Fee”) at the annual rate of 1.5% of the capital account balance of each limited partner of the Fund. The general partner of the Fund, Brasada Capital Partners, LP, an affiliate of Brasada, is entitled to an annual performance-based profit allocation (the “Performance Allocation”) at the end of each year of twenty percent (20%) of the Fund's annual net profits attributable to a limited partner, but only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula. Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of the Fund's non-marketable investments. All such performance fee arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (Advisers Act). Both the management fee and performance allocation are negotiable.

For the Subadvised Accounts Brasada manages, Brasada receives a portion of the management fee which is calculated quarterly in arrears on the basis of the following schedule: 45 basis points on the first \$10 million; 40 basis points on any amounts from \$10 million to \$30 million; 35 basis points on any amount from \$30 million to \$40 million and 25 basis points on any amount above \$40 million. The schedule of fees is applied to the aggregate fair value of the assets of all the accounts Brasada manages as of the last business day of each quarter with the result divided by four. The fees for any period which is less than a full quarter shall be determined by daily proration.

For the Separate Accounts, Brasada receives a 1% annual management fee based on assets, generally calculated and paid each quarter. Brasada has the discretion to negotiate fees for the Separate Accounts.

B. Payment of Fees

For its Fund, fees are deducted directly. The management fees are calculated and paid quarterly in advance at the beginning of the quarter. Performance fees are calculated and paid annually.

For the Subadvised Accounts, the Adviser deducts the fees from the accounts and pays out a portion of the management fee to Brasada as described above.

For the Separate Accounts, management fees are generally deducted directly from each Client's custodial Account(s) each quarter. Brasada has the discretion to negotiate payment terms for the Separate Accounts.

C. Other Fees and Expenses

In addition to the fees described in item A. above, the Fund bore the expenses of the organization of the Fund and bears the offering of Interests including legal and accounting fees and “blue sky” filing fees and expenses.

The Fund may also bear all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes and all expenses incurred in connection with locating, evaluating and implementing potential investments including travel, software subscriptions and other research related expenses. The Fund also bears all out-of-pocket costs of the administration of the Fund, including accounting, audit and legal expenses, and costs of any litigation or investigation involving the Fund’s activities. The Fund may also bear the costs associated with reporting and providing information to existing and prospective investors. However, Brasada may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Fund. The Fund does not have its own separate employees or office, and it does not reimburse Brasada for salaries, office rent and other general overhead costs of Brasada. A portion of the commissions generated on the Fund’s brokerage transactions may generate “soft dollar” credits that Brasada is authorized to use to pay for research and research-related services and products. It is Brasada’s policy to limit such use of soft dollars to fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 (Exchange Act), as amended or otherwise reasonably related to the investment decision-making process. See Item 12 for more information on Brokerage practices.

Brasada’s Subadvised Accounts pay Brasada management fees as described in Item A. above as well as incur some brokerage and other transactional costs. Additionally, these Subadvised Accounts may have other expenses such as custodian fees which are processed by the Custodian.

Brasada’s Separate Accounts pay Brasada management fees as described in Item A. above and also incur some brokerage and other transactional costs.

D. How Fees are Paid or Refunded

As notated in Item B. above, management fees for the Fund are paid quarterly in advance. Capital contributions from investors accepted after the commencement of a quarter are subject to a pro-rated management fee reflecting the time remaining during the quarter. These amounts are calculated by the outside Administrator which Brasada has engaged to perform certain financial, accounting, administrative and other services on behalf of Brasada, including the preparation of interim financial statements, the calculation of Fund investment performance, the calculation of any fees payable to the General Partner, and the preparation of interim reports to investors. In the situation where an investor withdraws capital during the quarter, the outside administrator would calculate any fees owed to the investor who would then receive a refund.

Fees for the Subadvised Accounts are paid in arrears.

Fees for the Separate Accounts are generally paid quarterly and are subject to a pro-rated management fee if the Account(s) was under Brasada's management for less than 3 months.

E. Additional Compensation and Conflicts of Interest

Neither Brasada nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

As mentioned in Item 5.A. above, Brasada Capital Partners, LP, an affiliate of Brasada, is entitled to an annual performance-based profit allocation at the end of each year of twenty percent (20%) of the Fund's annual net profits attributable to each investor, but only to the extent that such profits exceed any losses carried forward from prior years, based on a "high water mark" formula. Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of the Fund's non-marketable investments. All such performance fee arrangements comply with Rule 205-3 under the Advisers Act.

Brasada does not receive performance-based fees on its Subadvised or Separate Accounts.

Although Brasada manages three different types of products with varying fee structures, Brasada avoids conflict by allowing the investor to select which product strategy/objective is best suited to their needs regardless of the fee structures. Each of the product types offered by Brasada is run by a different manager.

As of 12/31/16, a majority of Brasada's assets managed were in non-performance fee-paying products.

Item 7 – Types of Clients

Brasada's Clients are comprised of: a pooled investment vehicle/Fund which is offered to accredited investors, fixed income Subadvised Accounts which are managed for a family trust and Separate Accounts, which may include high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses.

The Fund and Separate Accounts managed by Brasada may have different investment objectives, risk profiles and fee structures.

A. Methods of Analysis and Investment Strategies

Brasada's Fund:

The Fund's investment strategy begins with a bottom up driven investment process. Investment ideas come primarily from the portfolio manager's (PM) experience in covering stocks in this discipline for many years, quantitative screens, qualitative fundamental analysis, meetings with company's management and industry and sell-side research conferences. Long positions will focus on stocks that the PM believes to have above average earnings growth, the ability to generate cash flow, and where management is demonstrating that they are good stewards of capital through metrics like return on investment and return on invested capital. Fundamental analysis is an important consideration, in addition to the PM's quantitative views, to understand the company's growth drivers and whether that growth is sustainable. Long positions also must have reasonable valuation levels, in the PM's view, where the PM believes the market has underappreciated the company's future growth prospects. Short positions will focus on fundamentally challenged companies and industries identified through this same research process.

Under normal market conditions, the Fund will be actively managed and diversified across various market capitalizations and sectors. The capital allocation decisions will be based on what the PM believes to be the best opportunities available to gain exposure to identified positions and will include various investment strategies within equities, exchange traded funds, options, convertible or preferred stock and/or various combinations of each. The goal is to possess a collection of investments with a superior risk/reward profile to that of the broader market.

All investments risk the loss of capital. No guarantee or representation is made that the Fund's strategies will be successful, and investment results may vary substantially over time.

Brasada's Subadvised Accounts:

Brasada's fixed income Subadvised Accounts' primary objective is to achieve an above average distribution of tax-exempt income, while protecting principal. This is accomplished by investing in tax-exempt securities issued by the states, municipalities, local governing agencies, and the sovereign territories of the United States. U.S. Treasury securities may be used for defensive purposes. Investment ideas come primarily from the PM's experience in covering bonds in this discipline over various market cycles for many years. The PM minimizes volatility through the use of a flexible ladder of maturities and emphasizing income distribution over total return.

Some Subadvised Accounts are in a tax-exempt fixed income strategy where at least 80% of the assets are normally invested in investment grade securities (BBB-/Baa- or higher), with no security being greater than 5% of the assets at the time of purchase. Up to 20% of assets may normally be invested in non-rated or below investment grade securities, with no security being greater than 1% of assets at the time of purchase. The portfolios maintain a weighted average maturity of 8 years or less.

Other Subadvised Accounts are in a high-income municipal strategy where up to 30% of assets may normally be invested in investment grade securities (BBB-/Baa- or higher), with no security

being greater than 5% of assets at the time of purchase. Up to 80% of assets may normally be invested in non-rated securities, with no security being greater than 2% of assets at the time of purchase. Assets may be invested in deeply discounted bonds that fall below “de minimis,” generating a potential income tax liability.

All investments risk the loss of capital. No guarantee or representation is made that the accounts’ strategies will be successful, and investment results may vary substantially over time.

Brasada’s Separate Accounts:

Brasada’s Separate Account services may involve any investment strategy when providing investment advice. Each account is evaluated based on the investor’s objectives, risk tolerance and any special considerations. These parameters ultimately provide the basis for asset allocation and security selection. Portfolios will typically be comprised of exchange traded funds, equity securities, fixed income instruments and mutual funds, and are typically constructed with prevailing mid to long-term trends in mind.

All investments risk the loss of capital. No guarantee or representation is made that the accounts’ strategies will be successful, and investment results may vary substantially over time.

B. Risk

As mentioned above, the strategies used by all of Brasada’s Clients involve risk. Risk is inherent in all investing.

Potential risks associated with investing in Brasada’s Fund include the following:

Diversification. Since the Fund’s portfolio will not necessarily be widely diversified, the investment portfolio of the Fund may be subject to more rapid changes in value than would be the case if the Fund was required to maintain a wide diversification among companies, securities and types of securities. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the Fund’s investments.

Investment Judgment; Market Risk. The profitability of a significant portion of the Fund’s investment programs depend to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Brasada will be able to accurately predict these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk. Changing market and economic conditions may lead to investor losses.

Reliance on Third Party Research. Brasada may rely on research provided by unaffiliated third parties. Brasada cannot and does not independently verify the accuracy of or the assumptions or calculations underlying any research provided by third parties.

Portfolio Turnover. The Fund is not restricted in effecting transactions by any specific limitations with regard to its portfolio turnover rate. The Fund’s investment policies’ might result in substantial portfolio turnover. Fund investments may be sold for a variety of reasons, such as a

more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and fees, which will be borne directly by the Fund.

Short Sales. The Fund may enter into transactions known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk (as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts) and to counterparty risk. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Leverage. Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. In addition, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is

unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds, or ETFs, and other similar instruments may be purchased or sold short by the Fund. An ETF is an investment company that is registered under the Investment Company Act of 1940 (1940 Act) that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called “creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

The Fund may purchase instruments similar to ETFs that represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, are not registered as investment companies under the 1940 Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Fund's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. Brasada considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

More information about the risks involved can be found in the Fund’s offering documents.

Potential risks associated with investing in Brasada’s Subadvised Accounts include the following:

Prepayment/Call Risk. If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the account(s) in securities bearing a new, lower interest rate, resulting in a possible income decline in the account(s).

Risk. Credit risk refers to the possibility that the issuer of a debt security will be unable to make interest and/or principal payments when due, thereby causing a decrease in value to the issuer’s securities and lowering the issuer’s credit rating.

High Yield Bond (Junk Bond) Risk. Junk bonds involve a greater risk of default or price changes due to changes in the credit quality of the issuer. The values of junk bonds fluctuate more than those of high-quality bonds in response to company, political, regulatory or economic developments. Values of junk bonds can decline significantly over short periods of time.

Interest Rate Risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on their individual characteristics, including duration.

Liquidity Risk. The account(s) may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

Management Risk. The investment techniques and risk analysis used by the account(s)' PM may not produce the desired results.

Market Risk. The value of securities may decline in response to, among other things, investor sentiment, general economic and market conditions, regional or global instability, and currency and interest rate fluctuations.

Municipal Securities Risk. Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions may affect a municipal security's value, interest payments, repayment of principal and the account(s)' ability to sell it. Failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value. In addition, there could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

Reinvestment Risk. Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested in securities with a lower interest rate than on the original investment. Reinvestment risk is more likely when interest rates are declining.

For the Separate Accounts with equity investments, potential risks can be found above in the Fund section.

For the Separate Accounts with fixed income investments, potential risks can be found above in the Subadvised Account section.

C. Risks Associated with Particular Types of Securities

Brasada's Fund and Separate Accounts do not primarily recommend a particular type of security. Brasada's Subadvised Accounts invest substantially in municipal bonds. Risks associated with investments in municipal bonds are outlined above in Item B for Subadvised Accounts.

Item 9 – Disciplinary Information

There have been no legal or disciplinary events affecting Brasada or its employees that are material to the evaluation of Brasada by an investor or prospective investor.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Brasada nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Brasada nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or any other position with the foregoing entities.

Neither Brasada nor any of its management persons have any material relationship with any related person described below:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund”, and offshore fund
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Brasada does not recommend or select other investment advisers for its Clients nor does it have any business relationships with those advisers that might create a material conflict of interest.

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

A. Code of Ethics

Brasada has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act.

The following basic principles guide all aspects of Brasada's business and represent the minimum standards to which Brasada expects employees to adhere:

1. The interests of Brasada's Clients will come before employees' personal interests and, except to the extent otherwise provided in the Fund offering documents, before the Fund's interests;
2. Brasada will fully disclose all material facts about conflicts of which it is aware between the Firm's and its employees' interests on the one hand and Clients' interests on the other;
3. Employees will operate on Brasada's and their own behalf consistently with Brasada's disclosures to and arrangements with Clients regarding conflicts and its efforts to manage the impacts of those conflicts;
4. Brasada and its employees will not take inappropriate advantage of the Firm or their positions of trust with or responsibility to Clients;
5. Brasada and its employees will always comply with all applicable securities laws.

It is each employee's duty to consider and adhere to these principles in all of his or her activities that involve Brasada and its Clients and to report to the CCO any activities he or she believes may constitute or involve a violation of any law or any provision of this Code.

If requested, Brasada will provide at no cost a copy of its Code of Ethics to Clients or prospective Clients.

B. Financial Interest in Client Transactions

Typically, Brasada does not recommend securities to Clients in which it or its related persons have a material financial interest. If the situation occurred, the proposed transaction would be reviewed and allowed if it would be in the best interests of the Clients and if it didn't violate any laws or create an appearance of impropriety.

C. Employee Interest in Securities Recommended to Clients

From time to time, Brasada and its employees may have interests in securities that are recommended to Clients. Brasada may purchase or sell for its Clients, securities of an issuer in which Brasada or its employees also have a position or interest. Brasada's Code of Ethics contains

policies and procedures that seek to ensure that all personal securities trading by Brasada's employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.

D. Potential Conflicts of Interest Between Employee and Client Trades

Brasada and its employees may invest in securities in which Brasada has invested Clients' assets, but only if those securities are permitted by Brasada's policies and procedures and pre-cleared in those instances required by these policies. Before pre-approving the proposed transaction, some of the factors which are reviewed include:

- Whether the transaction represents an investment opportunity that should be offered to the Firm's Client accounts before employees take advantage of it;
- Whether the transaction involves a security that is being bought or sold for Clients or is being considered for purchase or sale on behalf of Clients;
- Whether the transaction might create an appearance of impropriety.

If a conflict arises, Brasada makes decisions in the best interest of its Clients over itself or a related person.

A. Broker Selection

Brasada selects brokers for its direct securities transactions based on a number of factors, including the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services and other services considered by Brasada to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Brasada's other selection criteria.

1. Research and other Soft Dollar Benefits: The term "soft dollars" refers to the receipt by an Adviser of products and services provided by brokers, without any cash payment by the Adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients of the Adviser. The products and services available from brokers include both internally generated items as well as items acquired by the broker from third parties. Section 28(e) of the Exchange Act, provides a "safe harbor" to Advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Adviser in the performance of investment decision-making responsibilities. It is the policy of Brasada to limit such use of soft dollars to fall within the safe harbor of Section 28(e) of the Exchange Act or otherwise reasonably related to the investment decision-making process.

Research services may include both services generated internally by a broker's own research staff and services obtained from a third party research firm. Research may include reports and analyses concerning specific issuers, industries or sectors; market, financial and economic forecasts and other data; and statistics and pricing services. It may also include hardware, software, databases, and telecommunications services, equipment and facilities (such as quotation equipment and telephone lines) that are used by Brasada for research purposes.

The use of the Fund's brokerage commissions to obtain investment research services and other expenses may create a potential conflict of interest between Brasada and the Fund, because the Fund may pay for products and services that may not be exclusively for the benefit of the Fund. To the extent that Brasada is able to acquire products and services without expending its own resources, Brasada's use of soft-dollars would tend to increase Brasada's profitability. In addition, the availability of any non-monetary benefits may influence Brasada to select one broker rather than another to perform services for the Fund. The Fund's Partnership Agreement and Investment Management Agreement specifically authorize these practices to the fullest extent permitted by law.

- a. As stated above, the use of the Fund's brokerage commissions to obtain research or other products and services benefit Brasada from the perspective that Brasada obtains these additional products and/or services at no cost to Brasada.

- b. Brasada may have an incentive to select a broker-dealer for the Fund based on Brasada's interest in receiving their research or other products and services; however, it will only do so when the commission rate charged by the broker-dealer is competitive when compared to Brasada's other brokers offering similar services.
- c. Brasada is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if Brasada determines such prices or commissions are reasonable in relation to the overall services provided.
- d. Brokers used by the Fund can oftentimes provide in-depth analysis of a broad universe of securities through various research products and services. These research products and services provide the Fund with a diverse perspective on the financial markets. When possible, such research is paid for using soft dollars.

Research services provided to the Fund or to the firm by brokers are available for the general benefit of all Client accounts advised by the firm. Brasada believes that these research products and services are valuable in supplementing their own research and analysis, and that they improve the quality of the investment advice provided to all Client accounts. Only those research products and services that are beneficial to the Fund will be paid for by the Fund. Fees for any non-Fund related research products and services will be paid for by Brasada.

To the extent that brokers provide Fund-related research products and services to Brasada, the firm is relieved of expenses that it might otherwise bear, and this could constitute a potential conflict of interest.

e. Third Party Research:

Arms Advisory	Technical and market analysis
Bloomberg L.P.	Research and trading system
Cornerstone Analytics	Investment strategy
Leuthold Group, LLC	Investment strategy
MB Advisors, LLC	Investment strategy
Ned David Research Inc.	Strategy research
Renaissance Macro Research	Technical and market analysis
Strategas Research Partners	Investment strategy
Street Account	Financial news
Vermillion Capital	Investment strategy

Sell Side Proprietary Research Firms:

BB&T	Goldman Sachs	Sandler O'Neill
Buckingham Research	Jefferies	Sidoti & Co.
Capital One Southcoast	JP Morgan	Stephens
Citigroup	KeyBanc	Sterne Agee
Clarkson Capital Markets	Merrill Lynch	Stifel Nicolaus
CS First Boston	Morgan Stanley	Strategas
Deutsche Bank	Oppenheimer & Co.	UBS
Evercore ISI	Piper Jaffray	Wedbush
Friedman Billings	Raymond James	Wells Fargo Securities
Global Hunter	RBC Capital Markets	

- f. During Brasada's last fiscal year, designated transactions executed through the Fund's prime broker generated the soft dollar benefits that Brasada received.
2. Brokerage for Client Referrals: Brasada does not direct transactions to broker dealers in return for Client referrals.
3. Directed Brokerage: Brasada does not routinely recommend, request or require that its Clients direct Brasada to execute transactions through a particular broker-dealer, understanding that directed brokerage may be unable to achieve the most favorable executions.

Understanding that directed brokerage may be unable to achieve the most favorable executions, Brasada's Subadvised and Separate Account investors still may instruct Brasada to direct brokerage on a case-by-case basis.

In the event of a municipal bond trade, the Separate Accounts may execute the trade as a "Trade Away Trade", which allows Brasada to buy or sell the municipal bond with a broker of its choosing. Such transactions benefit the Client by providing a larger pool of investment opportunities. The bonds are then delivered to/from the Client's original custodial account.

B. Order Aggregation

Brasada manages one equity Fund and the purchases and sales of securities for this product are run independently and are not aggregated with any of the other products which Brasada manages (discussed below).

Trades in Brasada's Subadvised Accounts with the same investment strategies and objectives are aggregated and allocated on a pro rata basis based on the size of the accounts' assets.

When possible, trades in Brasada's Separate Accounts are aggregated and allocated on a pro rata basis.

A. Account Reviews

Outside of the PM's daily responsibilities, the Fund's portfolio is reviewed monthly by the two principals. Mark Edward McMeans (CEO) and James Gabriel Birdsall (Fund PM) review the portfolio in a manner consistent with investment goals of the Fund as stated in the Fund's offering memorandum.

Outside of the Fund PM's daily responsibilities, the principals review both the Subadvised and Separate Accounts on a quarterly basis.

B. Review Triggers

The Client portfolios may be reviewed more frequently by the principals if triggered by changes in the market or significant changes in the portfolio assets.

C. Account Reports

The Fund receives daily reports from the prime broker detailing cash, positions, tax lots, realized gains and losses, and other Fund attributes. The Fund investors receive monthly performance reports from the outside administrator. Brasada's other Clients have on-line access to portfolio data on a daily basis and receive monthly portfolio statements.

Item 14 – Client Referrals and Other Compensation

There are no arrangements whereby an outside party provides an economic benefit to Brasada for providing investment advice or other advisory services to the Clients.

Brasada and its related persons may directly or indirectly compensate third parties for Client referrals but do not currently do so.

Item 15 – Custody

A qualified custodian provides a monthly account statement to the Fund. These statements provide all activity processed for the Fund during the month including purchases, sales, Fund expenses, and any subscription and/or redemption activity. These statements are reviewed carefully by Brasada.

Investors in the Fund receive account statements monthly from the outside administrator hired by Brasada. These account statements provide detail of each Investor's account, including beginning capital, capital additions or withdrawals, investment gains or losses and ending capital for the period.

Brasada does not have custody for its Subadvised Accounts or Separate Accounts.

Item 16 – Investment Discretion

Brasada accepts discretionary authority to manage securities on behalf of its Clients. This authority is outlined in each Client's offering documents or agreements. As stated in Item 4(c), Fund investors may not impose restrictions on investing in certain securities or types of securities. Subadvised and Separate Account Clients may impose restrictions on investments in certain securities or types of securities. Any restrictions would be outlined in the Client agreements with Brasada.

Item 17 – Voting Client Securities

Brasada treats voting rights of securities held by its Clients in a manner that is in the Client's best interest; first determining whether to exercise the Client's voting rights with respect to a specific security, and secondly, evaluating the matters on which a vote is solicited, in light of the Client's investment objectives for that security. Some factors used in determining whether or not to exercise voting rights include:

Holding Period of Positions. The extent to which securities are purchased to take advantage of short-term market opportunities or for the potential for long-term appreciation.

Economic Value of Positions. The magnitude of the value of the Client's economic interest in the proposal or in the value of the portfolio holding relative to the overall portfolio.

Cost of Voting. Whether the cost of voting on a proposal (e.g., required in-person voting in a distant location) would likely exceed the value of any anticipated benefits of approving or defeating the proposal.

Impracticability. Whether the timing of receipt and/or the mechanics of voting make it impracticable to vote.

Securities Lent. Whether the Fund's custodian has lent the securities (which, therefore, have been transferred into the borrower's name) and has not recalled those securities as of the record date or the vote date relating to the proxy proposals.

Other factors that are relevant to the Client accounts may be taken into consideration as well.

The PM will make all determinations as to how to vote proxies related to securities in his Client account(s), as long as he is not aware of any conflicts of interest in connection with any of the proxy voting determinations being submitted. If conflicts of interest do exist, the PM will consult with the principals of Brasada to make a decision on that particular vote. Examples of potential conflicts of interest include:

- Voting in accordance with the PM's recommendation where the proxy company or one of its affiliates has a relationship with Brasada or an investment in any product managed by Brasada.
- Brasada having a material business relationship with a proponent of a proxy proposal, participants in a proxy contest or directors/nominee directors of a portfolio company.
- An employee of Brasada having a personal interest in the outcome of a particular proxy proposal.

Brasada's proxy policy is available to investors upon request. Further, investors may request a record of how proxies have been voted on their behalf.

Item 18 – Financial Information

Brasada does not solicit prepayment of fees six months or more in advance.

Brasada is not aware of any conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

Brasada, nor its related persons, have been the subject of a bankruptcy petition at any time during the past 10 years.