



FORM ADV PART 2, FIRM BROCHURE

EFFECTIVE APRIL 10, 2019

This Brochure provides information about the qualifications and business practices of Bayou City Investment Advisors ("Bayou") which provides advisory services through Sage Capital Advisors, LLC ("Sage"). If you have any questions about the contents of this Brochure, please contact us at (832) 957-7243.

Sage is a registered investment adviser registered with the United States Securities and Exchange Commission ("SEC"). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an Investment Adviser does not imply any specific level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Advisor.

Additional information about Sage and its advisory persons are available on the SEC website at www.adviserinfo.sec.gov.

SAGE CAPITALADVISORS, LLC.
dba Bayou City Investment Advisors

CRDNo.136577
SECFileNo.801-64637

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Katy, TX 77494

www.bayouadvisors.com

Item 2: Material Changes

On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the “Advisors Act”). The amendments are designed to require a registered investment adviser to provide Clients with a clearly written and meaningful disclosure, in plain English, about the advisor’s business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts, Part 2A and Part 2B. Part 2A of the new Form (the “Firm Brochure”) provides information about a variety of topics relating to an adviser’s business practices and conflicts of interest. Part 2B of the new Form (the “Brochure Supplement”) requires an adviser to provide information about certain advisory personnel.

Bayou believes that communication and transparency are the foundation of our relationship and continually strive to provide you with complete and accurate information at all times. We encourage all current and prospective investors to read this Firm Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Summary of Changes

Bayou is an existing registered investment advisor and has submitted prior version ADV Part 2A to regulators, clients and prospective clients.

This is the initial filing of this ADV 2A Brochure for Sage doing business as Bayou City Investment Advisors. In the future brochures, all material changes will be summarized in this section.

At any time, you may view the current Firm Brochure on line at the SEC’s Investment Advisor Public Disclosure website at www.advisorinfo.sec.gov.

To review the firm information for Bayou and Sage,

- Click **Investment Adviser Search** in the left navigation menu and enter.
- Select the option for Investment Advisor Firm and enter 136577 (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number.”
- ADV Part I will be displayed.
- On the left navigation, Form ADV Part 2A is located near the bottom.

You may also request a copy of this Firm Brochure at any time, by contacting us at the number indicated on the Cover Page.

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Item 4: Advisory Services

A: FIRM INFORMATION

Bayou provides advisory services through Sage Capital Advisors, LLC ("Sage") is a registered investment advisor with the United States Securities and Exchange Commission. Sage is organized as a limited liability company in the State of Nevada. The principal owners are Matthew Johnson and Diana Blair, with each owning a 50% stake in Sage. Mr. Johnson's stake is owned via a privately held firm, Sage One Ltd. Ms. Blair's stake is also owned via a privately held firm, DBlair Corporation. Sage has been in continuous operations since 2005.

B: ADVISORY SERVICES OFFERED

1. **Investment Management Services** Bayou provides continuous, active management of client investment portfolios. Bayou has developed a proprietary client service model that includes discovery, planning, implementation and monitoring components.
 - **Client Discovery** – Upon entering into an advisory agreement, Bayou will draft, and the Client will sign, a statement of Investment Guidelines. This statement will be based upon conversations and information collected during the interview stage. Bayou will collect information concerning the Client's financial status, goals, and assets, among other things.
 - **Investment Plan** – Based on the information provided by the Client, Bayou may furnish the Client with an "Investment Policy Statement" and/or Client Profile as necessary, which summarizes the Client's current investment portfolio, investment goals and objectives, and risk tolerance level.
 - **Portfolio Design and Implementation** – Upon completion of this investment objective information, Bayou will design the Client's investment portfolio, implementing an investment plan for the Client. In designing a portfolio, Bayou does not adhere to rigid models or benchmarks. Every portfolio is constructed based solely on each Client's objectives and financial profile.
 - **Investment Monitoring and Maintenance** – Bayou will continuously monitor the investment portfolio to ensure that the portfolio meets the Client's goals and objectives. Further, Bayou monitors each Client portfolio in order to ensure they are invested in accordance with Bayou's firm- wide investment guidance and economic outlook.

It is the Client's responsibility to notify Bayou promptly, in writing, of any change to the information provided by Client, including any change to any investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines or reasonable restrictions. Bayou will honor Client restrictions unless those restrictions impair Bayou's ability to manage Client assets.

Accounts are typically managed on a discretionary basis. Bayou may offer non-discretionary services as well. For more on Bayou's discretionary authority, please see Item 16 below.

1. **Consulting Services** Bayou may offer investment consulting services on assets not managed by Bayou. Consulting advice may be in regard to a security, business transaction, consulting arrangement or any other issue about which the principals of Bayou feel they may be able to render an expert opinion.
2. **Managed Account Programs** Bayou may enter into agreements with various managed account programs sponsored by the Client's designated third-party custodian. Under these agreements, the managed account programs have agreed to provide various types of money management programs and services to the Clients of Bayou. All managed account programs utilized by Bayou will be licensed as investment advisors by their resident state or with the United States Securities and Exchange Commission.

Bayou will enter into agreements with managed account programs for the provision of client services. Bayou clients will enter into a direct contract with the managed account program. After gathering information about a Client's financial situation and investment objectives, Bayou may select a managed account program depending on the money management services required by the Client. The compensation of both Bayou and managed account program is fully disclosed to each Client in the program. Fees for separately managed accounts will be deducted in addition to Bayou's advisory fee.

Each program's fees are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document of each managed account program selected by Bayou. Fees for these programs may or may not be negotiable by Bayou

3. **Financial Planning Services** Bayou provides financial planning and consulting services. Financial planning services are rendered via a proprietary service methodology. A financial plan may include a review and analysis of the following: Client's net worth (including assets and liabilities), objectives, risk tolerance, risk capacity and management, cash flow and expenses, income taxes, fringe benefits, retirement, educational funding, estate planning. Bayou's approach to providing this service starts with gathering current financial and subjective material. Bayou then assesses a Client's goals, objectives, time horizon and risk tolerance to compare where the client is today in relation to the attainment of their stated Goals. A financial plan is prepared and is discussed with the Client along with various alternative considerations. During this process, the Client is educated about the alternatives recommended if any.

Bayou entrusts that the Client will provide accurate information and Bayou will not be obligated to verify any information received from the Client. If requested by the Client, Bayou may recommend the services of other professionals for purposes of implementing certain aspects of the financial plan. Clients are under no obligation to engage the services of any such recommended professional. Clients retain absolute authority over all implementation decisions and are free to accept or reject any recommendation from Bayou. Moreover, Clients are advised that it remains their responsibility to promptly notify Bayou if there is ever any change in their financial situation during the financial planning process.

4. **Investment Management for Plan Participants and Plan Sponsors** Bayou represents that it is a registered investment Advisor and qualifies as an Investment Manager under Section 3(38) of The Employee Retirement Security Act (ERISA) and that it is a fiduciary as defined by ERISA. As a 3(38) Investment Manager, Bayou can be authorized by a plan to exercise the firms' best judgement in investing, selling and reinvesting securities in a retirement account at its discretion. In no case will Bayou hold any assets of any plan, but rather, they are held by an independent custodian, selected by the client. Bayou accepts the fiduciary duty and therefore fiduciary legal liability to:

- Create an Investment Policy Statement
- Create an investment line up
- Monitor the investment lineup
- Provide quarterly reporting; and
- Replace Funds as necessary

5. Bayou represents that it is a registered investment advisor and qualifies as an Investment Manager Section 3(38) of The Employee Retirement Security Act ("ERISA"), and that it is a fiduciary to the plan as defined by ERISA. As a 3(38) Investment Manager Bayou is authorized by the client to exercise the firms' best judgment in investing, selling and reinvesting securities in the account at its discretion.
6. In no case will Bayou hold any assets of the plan but rather they are held by an independent custodian selected by the client. As Investment Manager, Bayou accepts the fiduciary duty and therefore fiduciary legal liability to:

1. Create an investment policy statement;
2. Create an investment line up;
3. Monitor the investment lineup and provide quarterly reporting; and
4. Replace funds as necessary.

As a 3(38) Investment Manager, Bayou shall have discretion over the establishment of the plan’s investment policy, prudent selection, monitoring, removal and replacement over the plan’s investment options.

C: CLIENT ACCOUNT MANAGEMENT

Prior to engaging Bayou to provide investment advisory services, the Client is required to enter into an investment management agreement with Bayou setting forth the terms and conditions of the engagement and the services to be provided. These services may include:

- a. Selecting Investment Securities Bayou will utilize a proprietary securities analysis methodology (described in Item 8 below) in order to determine securities deemed suitable for investment by Bayou Clients.
- b. Portfolio Construction Bayou will implement its security recommendations on a discretionary basis. That is, Bayou may purchase and sell securities in a Client’s without obtaining specific Client consent. Non-discretionary services are also available. Bayou will use the services of a discount broker-dealer to provide account custodial services and to affect trades.
- c. Ongoing Investment Monitoring Bayou provides ongoing oversight of the Client’s investment program. All investments are monitored for performance relative to certain benchmarks and Bayou expectations.

D: WRAP FEE PROGRAMS

Bayou does not manage any proprietary wrap fee programs.

E: ASSETS UNDER MANAGEMENT

As of June 30, 2018, Sage and Bayou manages the following assets:

Discretionary Assets	\$222,199,301
Non-discretionary Assets	\$53,701,568
Total	\$275,900,869

Item 5: Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for investment management services. Each Client shall sign an Investment Management Agreement that details the responsibilities of Bayou and the Client.

A: FEES FOR ADVISORY SERVICES

Investment Management Services Bayou’s fee for investment advisory services varies based on the amount of assets managed by Bayou. Typically, fees are a fixed percentage of the assets under management. This fee includes all investment recommendations and portfolio implementation, unless the client contract states otherwise. The fees for investment advisory services are billed on a tiered fee schedule. Family accounts may be combined for calculating breakpoints; some clients may pay a flat fee in lieu of the assets under management fee.

<i>Tiered Annualized Investment Management Fees</i>	
<i>Account Value</i>	<i>Annual Percentage Fee</i>
On the First \$1,000,000	1.5%
One the next \$3,000,000 (\$1-\$4 Million)	1.3%
On the next \$3,000,000 (\$4 - \$7 Million)	1.2%

On the next \$3,000,000 (\$7 - \$10 Million)	1.1%
All assets over \$10 Million	1.0%

Bayou may permit exceptions to its fee policies. Such negotiated fees are approved on a case-by-case basis the principals of Bayou. The determining factors to a negotiated fee are the relative complexity of the Client situation, size of the portion and the scope of services to be provided. In all cases the Client's fee will be agreed upon in advance and indicated in the Client agreement.

1. Consulting Fees and Financial Planning Services: Clients may engage Bayou on an hourly fee basis. Hourly fees are usually charged for various consulting services a client may request. Hourly fees are \$175.00 per hour or on a predetermined fee starting at \$1,000.
2. Investment Management for Plan Participants and Plan Sponsors: Bayou's fee for investment advisory services for plan participants and plan sponsors varies based on the amount of assets managed by Bayou. Typically, fees are a fixed percentage of the assets under management. This fee includes all investment recommendations and portfolio implementation, unless the client contract states otherwise.

The fees for investment advisory services for plan participants and plan sponsors are billed on a tiered fee schedule.

**Bayou City Investment Advisors
Retirement Plan Advisory Fee Schedule**

Total Assets		Annual Fees
\$0	\$499,999	0.80%
\$500,000	\$9,999,999	0.70%
\$10,000,000	\$14,999,999	0.60%
\$15,000,000	\$24,999,999	0.50%
\$25,000,000	\$49,999,999	0.40%
\$50,000,00	and above	0.30%

Bayou may permit exceptions to its fee policies. Such negotiated fees are approved on a case-by-case basis the principals of Bayou. The determining factors to a negotiated fee are the relative complexity of the Client situation, size of the portion and the scope of services to be provided. In all cases the Client's fee will be agreed upon in advance and indicated in the Client agreement.

B: FEE BILLING

Asset-Based Fee: Fees are a fixed percentage of assets under management, based upon the account value on the last day of the prior period. Fees for investment management services vary depending on the amount of assets to be managed. Clients are invoiced either monthly in arrears for advisory services. For accounts opened during the month, fees will be prorated to cover only that period which the account was managed by Bayou.

Asset based management fees will be automatically deducted from the client account by the Custodian. Bayou shall send a monthly invoice to the Custodian indicating the amount of fees to be deducted from the Client account. The amount due monthly is calculated by applying the annual rate in the tables above to the total assets under management with Bayou prorated for the applicable time period.

Clients will receive independent statements from the Custodian no less frequently than quarterly. It is the responsibility of the client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility.

Consulting and Financial Planning Fees: Client paying by an hourly fee will be billed in arrears monthly or upon completion

of the work agreed to be the contract. Hourly fees are documented during the project work and the Client will receive an invoice for the fee.

C: OTHER FEES AND EXPENSES

Clients may incur certain fees or charges imposed by third-parties, other than Bayou, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the Custodian and executing broker-dealer. The investment advisory fee charged by Bayou is separate and distinct from these Custodian and execution fees. In addition, all fees paid to Bayou for Investment Advisory Services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee.

A Client may be able to invest in certain investments, without the services of Bayou, but would not receive access to Advisor and Institutional shares classes. The Client also would not receive the services provided by Bayou which are designed among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the fund(s) and the fees charged by Bayou to fully understand the total fees to be paid.

D: ADVANCE PAYMENT OF FEES AND TERMINATION

1. Advance Fees: There is no advance payment of investment advisory fees. Bayou Clients pay investment advisory fees in arrears.
2. Termination: Clients may request to terminate their Investment Management Agreement with Bayou, in whole or in part, by providing advance written notice to Bayou. **The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Bayou will invoice the Client for all earned, unpaid investment advisory fees. The Client's Investment Management Agreement with Bayou is non-transferable without Client's written approval. Clients may terminate the Investment Management Agreement without penalty (full refund or no fees due) within five (5) business days of signing the Agreement if the Bayou Form ADV Part 2 was not delivered at least 48 hours prior to client's execution of the Agreement. Bayou shall not impose any start-up, closing or penalty fees in connection with the account. Clients may be assessed closing fees by the accounts' custodian.**

E: COMPENSATION FOR SALES OF SECURITIES

Bayou does not receive commissions or any compensation for transactions in any Client account. As a fee-only advisor, Bayou is paid only on the advice and investment management provided to Clients based on the assets under management in the Client's account(s).

Item 6: Performance-Based Fees

Performance-Based Fees

Bayou does not currently charge performance-based fees for any Client. If Bayou enters into such an arrangement, full disclosure will be made in this section.

Side-By-Side Management

Bayou does not currently manage any proprietary investment funds (for example, a mutual fund). If Bayou enters into such an arrangement, full disclosure will be made in this section.

Item 7: Types of Clients

Bayou may provide services to a variety of client types. However, Bayou clients will typically fall into one of the following categories:

- 501(c)(3) Non-Profit Corporations –Non-profit corporations may be charitable groups or Native American Tribes. Generally, non-profit organization clients of Bayou will be organizations investing cash reserves to support a group or mission.
- Individuals, Families, Personal Trusts and Estates – Private investors, investing personal assets
- Pension and Profit Sharing plans – Generally organized as a trust, investing the assets of plan participants
- Plan Participants – Individuals enrolled in pension or profit sharing plans seeking individualized advice independent of their plans sponsor
- Other Financial Service Firms – Typically other investment advisors for whom Bayou provides investment, operational and/or administrative support

The relative percentage each client type currently represents is available on Bayou’s Form ADV Part 1. The actual mix of types of clients changes over time based upon market conditions, business plans and other factors.

For accounts governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Bayou acknowledges that it is a fiduciary to the plan under Section 3(38) of ERISA. In providing its services, the sole standard of care imposed upon Bayou is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Bayou provides customized services to meet the unique needs of each Client. Additional details are contained in Item 4 – Advisory Services.

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

Individual investments are chosen based upon a due diligence process; which involves in-house valuation, third party reporting and portfolio monitoring. Bayou does not constrain its investments to a benchmark as it relates to weighting, capitalization, country of origin, or valuation parameters.

A: METHODS OF ANALYSIS

1 Fundamental Analysis

Bayou uses fundamental analysis in making investment decisions with respect to investment securities. Fundamental analysis is the process of analyzing a company’s financial value through ratio analysis utilizing quarterly financial data provided by the individual company. This technique looks at both the absolute and relative performance of the company’s financial health and prospects. Bayou utilizes fundamental analysis to provide insights on the trends in the individual business as well as comparative strengths versus other companies in the industry. These criteria are usually ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed.

Bayou considers macroeconomic factors as well as issue specific factors.

Macroeconomic factors considered by Bayou include, but are not limited to:

- General economic conditions
- Inflation trends
- Interest rates and the yield curve
- Market volatility and trends
- Monetary policies
- Legislative actions
- Sector Valuations

Issue specific factors include, but are not limited to:

- Earnings
- Cash flow coverage
- Credit Worthiness
- BalanceSheetStrength
- Dividend stability
- CashGeneration
- Top-Line revenue growth
- Margin stability and growth
- Interest Coverage
- Leverage
- Liquidity
- Solvency
- Asset Efficiency
- Unique Considerations

Companies are deemed suitable for investment when they meet certain criteria's that suggest the value of the stock may be discounted by the broad market. Generally, Bayou seeks to invest in companies selling at a discount to their intrinsic value. This method is known generally as "value based investing".

1. Technical Analysis

Technical analysis is used for analyzing various economic, price and market trends. These trends both short- and long-term, are used for determining specific trade entry and exit points in conjunction with fundamental analysis. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, and point and figure charts among many others. These indicators do not speak to the financial health of a particular issuer but instead focus on price action. Indicators are also used to gauge overall market sentiment and risk levels.

2. Mutual Funds/Outside Managers

Although the focus of Bayou's investment methodology is individual issues, mutual funds may be used in certain portfolios. Bayou may use various databases of information in order to facilitate the discovery process on each mutual fund investment manager utilized by Bayou.

Bayou may invest certain clients' assets with independent managers that pursue investment strategies that may be complimentary to Bayou's investment strategies or better fulfill the client's investment objectives. These managers may be diversified among multiple strategies, asset classes, regions, industry sectors and securities. Bayou considers both quantitative and qualitative factors when evaluating outside managers including:

Expense Ratios and Fees

- Manager Tenure
- Manager adherence to portfolio guidelines and investment philosophy
- Performance relative to an appropriate benchmark and peer groups
- Legal and/or other regulatory proceedings that may affect manager
- Material changes in organization, investment philosophy and/or personnel
- Risk management process
- Relative performance during various time periods and market cycles
- Experience and training of staff investment professionals
- Portfolio management capabilities
- Any other factor deemed appropriate by Bayou including previous experience.

Equity/Fixed Income/Mutual Fund/Money Market Fund Strategies

While generally pursuing a value-biased methodology in its investment approach, Bayou investment strategies do not fall into fixed style classifications. Rather, each Client's portfolio is custom tailored to specific investment objectives and risk considerations. All portfolios are constructed with prevailing long-term trends in mind.

Bayou will typically manage accounts using individual equities. Equities are selected for inclusion in a portfolio by way of the method described above. Bayou may also choose to invest client money in fixed income instruments, mutual funds, money market funds and, where appropriate, real estate limited partnerships.

Tactical Strategies

Bayou manages additional investment strategies that are not directly value based. These include equity and exchange traded funds (ETF) strategies. When utilizing a tactical strategy, total return objectives may change over the course of a market cycle based on market conditions. This objective can change from high to low risk.

B: RISK OF LOSS

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Bayou will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

Item 9: Disciplinary Action

Bayou and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner.

Background information is available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

- To review the firm information for Bayou, click Investment Adviser Search in the left navigation menu.
- Select the option for Investment Adviser Firm and enter 136577 (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.
- There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Activities and Affiliations

Bayou's sole business is providing investment advisory services and is not engaged in any other business endeavor. Bayou maintains no affiliations with other firms outside of contracted service providers and those to which Bayou provides contracted services.

Item 11: Code of Ethics, Participation in Client Transactions & Personal Trading

A: CODE OF ETHICS

Bayou has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Bayou. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Bayou and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Bayou associates to adhere not only to the specific provisions

of the Code but to the general principles that guide the Code.

The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes and amendments to Form ADV and supervisory procedures.

Bayou has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at the number indicated on the Cover Page.

B: PERSONAL TRADING AND CONFLICTS OF INTEREST

Bayou allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures.

As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. The majority of Bayou's investing is in widely traded stocks. Given the volume of these stocks, it is unlikely that the trading of Bayou employees to have any material impact on the stock being traded.

We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. At no time, will Bayou or any associated person of Bayou transact in any security to the detriment of any Client.

Bayou is a Fee-Only advisor, who, in all circumstances, is compensated solely by the Client.

Bayou does not engage in any commissionable securities transactions, buying securities from or selling securities to its Clients.

As a Fee-Only registered investment advisor ("RIA"), Bayou does not have a broker-dealer relationship and does not sell products of any kind to its Clients. However, as mentioned previously in Item 10, certain Investment Advisor Representatives of Bayou are licensed to transact insurance with advisory Clients in their separate capacity as sales agents for various insurance companies. Clients are under no obligation to purchase any insurance products that are recommended, and may use any insurance agent they choose.

Item 12: Brokerage Practices

A: RECOMMENDATION OF CUSTODIAN(S)

1. Bayou does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "Custodian") to safeguard Client assets and authorize Bayou to direct trades to this Custodian as agreed in the Investment Management Agreement. Further, Bayou does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis. Where Bayou does not exercise discretion over the selection of the Custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by Bayou. Bayou may recommend a Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices.

Bayou typically recommends to Clients that they established their brokerage account[s] at Institutional Services division of Fidelity Investments ("Fidelity") or Charles Schwab and Co., Inc. ("Schwab").

Fidelity and Schwab are independent and unaffiliated SEC-registered broker-dealers and FINRA members. Fidelity and

Schwab offer independent investment advisor services, which include custody of securities, trade execution, clearance and settlement of transactions. Bayou receives some benefits from Fidelity and Schwab through its participation in their programs.

Bayou considers a number of factors in selecting and/or recommending brokers and custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. Bayou is not affiliated with, or related to, Fidelity or Schwab. All trading executed via Fidelity and Schwab is subject to a best execution review by Bayou.

2. **Soft Dollars** Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Bayou does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

That said, we receive, without cost to us, computer software and related systems support, which allow us to better monitor accounts. We receive software and related support without cost because our Clients maintain assets with these custodians. The software and related systems support benefits us, but may not benefit the Clients directly. Our receipt of these types of benefits from a custodian creates a conflict of interest since these benefits may influence our recommendation of one custodian over another that does not furnish similar software, systems support, or services. Additionally, we receive: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively service the custodians' respective institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to accounts; and access to an electronic communication network for order entry and account information.

Many of the above benefits are generally considered to be "soft dollar" arrangements. As a result of receiving such products and services for no cost, we have an incentive to recommend to Clients custodians that offer soft dollar arrangements. However, these types of arrangements are similar and common to the custodial relationships of other registered investment advisory firms in the industry. We periodically evaluate custodians to determine whether the benefits we receive are reasonable in relation to the value of services provided to our Clients.

3. **Brokerage Referrals** Bayou does not receive any compensation from Fidelity, Schwab or any other entity in connection with the recommendation for establishing a brokerage account.
4. **Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Bayou will place trades within the established account[s] at the custodian designated by the Client. Such custodian designation may be made in accordance with a recommendation by Bayou, as noted above, or independently by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. Clients may use the custodian recommended by Bayou. In such cases, the recommendation of a specific broker-dealer will be in accordance with Bayou's duty to seek best execution.

If a Client uses a custodian of their own choosing and not recommended by Bayou, Bayou will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

When Clients direct the brokerage partner to be used, Bayou may not achieve best execution and the Client may pay higher trade costs than would otherwise be available. Custodians chosen by the Client, and not recommended by Bayou, are not subject to a best execution review.

Bayou will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account). Cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]) may be executed when such trade is in the best interest of both parties. Prior to execution of a cross trade, Bayou will obtain informed consent from both Clients. In no case will Bayou receive any compensation related to the transaction.

B: AGGREGATING AND ALLOCATING TRADES

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Bayou will execute its transactions through an unaffiliated broker-dealer selected by the Client. Bayou may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

Item 13: Review of Accounts

A: FREQUENCY OF REVIEWS

Accounts are monitored on an ongoing basis by Bayou for adherence to investment strategy and Client Objectives. Investment management and supervision over the securities contained in the Client's portfolio are performed in an ongoing basis by Bayou, as applicable.

B: CAUSES FOR REVIEW

In addition to the investment monitoring noted in Item 13.A, each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Bayou if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

C: REVIEW REPORTS

The Client will receive brokerage statements no less than quarterly from the Trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

Item 14: Client Referrals and Other Compensation

A: COMPENSATION RECEIVED BY BAYOU

Bayou is a Fee-Only advisor, who, in all circumstances, is compensated solely by the Client. Bayou does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party. Bayou may refer Clients to various third-parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Bayou may receive referrals of new Clients from a third-party.

B: CLIENT REFERRALS FROM SOLICITORS

If a Client is introduced to Bayou by either an unaffiliated party or by a Bayou affiliate, Bayou may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the investment management fees earned by Bayou and shall not result in any additional charge to the Client. If the Client is introduced to Bayou by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship.

To do so, the solicitor will provide each prospective Client with a copy of Bayou's Form ADV 2 (the written disclosure statement also known as the "Brochure") and a copy of the solicitor's written disclosure document and a statement to the Client disclosing the terms of the solicitation agreement between Bayou and the solicitor, including the compensation to be received by the solicitor from our firm.

Item 15: Custody

Bayou does not accept or maintain custody of any Client accounts. All Clients must place their assets in a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Bayou to utilize that custodian for the Client's security transactions. The preferred custodians for Bayou is the Institutional Services Division of Fidelity Investments and Charles Schwab and Co. Inc. Fidelity Investments and Charles Schwab and Co., Inc. are FINRA members. For more information regarding custodians and brokerage practices, see Item 12 -Brokerage Practices.

While Bayou does not have custody of Client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds Client assets. In certain jurisdictions this may be deemed constructive custody. Prior to permitting direct debit of fees each Client provides written authorization permitting fees be made direct from the custodian.

The custodian sends every Client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to Bayou.

Item 16: Investment Discretion

A: DISCRETIONARY PORTFOLIOMANAGEMENT

Any limitations imposed on the discretionary authority of Bayou shall depend on the terms of the agreement governing Bayou's relationship with each Client. In those cases where Bayou has full discretionary authority over Client accounts and the client has not imposed any specific restrictions, Bayou will generally have unlimited discretionary authority, without obtaining specific consent, to determine:

- Securities to be bought or sold
- Amount of the securities to be bought or sold

B: NON-DISCRETIONARY PORTFOLIO MANAGEMENT

Non-discretionary portfolio management is understood to mean the Bayou must first get Client permission before placing any trades to buy or sell securities in a Client account. Bayou is free to determine the timing of a particular transaction; however, permission must first be obtained from the Client. Clients should be aware that delays in granting permission for a transaction may hinder Bayou's ability to effectively manage a portfolio.

Item 17: Voting Client Securities

Bayou will generally vote proxies on behalf of Clients. Exceptions are made for Clients who wish to vote their own proxies, or have retained the services of third-party to vote proxies on their behalf. Further, mutual funds retained by Bayou may seek to vote proxies of portfolio holdings managed by that mutual fund. Bayou has a fiduciary duty to act solely in the best interests of its Clients when exercising proxy voting authority. Bayou will vote client securities in a timely manner and make voting decisions that are in the best interests of Clients.

Every effort is made to vote proxies in a way which Bayou believes will maximize the monetary value of each portfolio's holdings.

If at any time Bayou believes that to vote a particular proxy in accordance with its policies and procedures would be contrary to the best interests of Client, Bayou may, in its discretion, (a) elect not to vote that particular policy and provide the Client with the opportunity to vote the proxy directly, (b) vote the proxy in accordance with an independent third party voting recommendation, or (c) abstain from voting. Bayou will not have any duty or obligation to advise or take any action on behalf of Client or Client's Account in any legal proceedings, including bankruptcies or class actions, involving securities held in or formerly held in the account or the issuers of securities.

Item 18: Financial Information

Bayou is not required to provide financial information in this Brochure because:

- Bayou does not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- Bayou does not take custody of client funds or securities.
- Bayou does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Bayou has never been the subject of a bankruptcy proceeding.