

Disciplined Investors, L.L.C.

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This brochure provides information about the qualifications and business practices of Disciplined Investors, L.L.C. If you have any questions about the contents of this brochure, please contact us at (254) 754-7973. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Disciplined Investors, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

The last annual update of this brochure was in March 2012. Material changes that have occurred since that update are as follows:

In April 2012, Mr. Stoner became Managing Member of a private placement investing in real estate. This private issue is more fully discussed in the "Other Financial Industry Activities and Affiliations" and "Custody" sections.

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ADVISORY BUSINESS

Advisory Firm Description

Disciplined Investors, L.L.C. ("DI" or the "Firm") has been providing investment management and advice on a fee-only basis for individuals, retirement plans and trusts since 1999. Russell Livesay and Todd Stoner are partners of the Firm, while Todd Stoner is the majority shareholder.

Types of Advisory Services

Investment Management Services

Investment management services begin with determining the client's investment objectives and financial situation, which may include preparation of retirement projections and financial plans. Based on the client's guidelines, objectives and risk tolerance, DI designs a target asset allocation by investment category, such as equity securities, fixed income securities and money market securities. The Firm also considers needs for income and tax-advantaged investments in creating a custom portfolio for each client.

The combination of securities in a portfolio is designed to achieve the benefits from diversification. Clients may engage DI to manage their entire portfolio or portions of the total for which requirements and guidelines are set. Portfolios are monitored and measured against comparable benchmark indexes and/or similar mutual funds. Results are reviewed with clients at least quarterly unless the client has agreed to an exception. Finally, the client's financial objectives and conditions are reviewed periodically and adjustments are made to the investment guidelines and portfolios when necessary.

Investment Advice and Consultation Services

Investment advice and consultation services are available to persons not wanting DI to manage their assets. These services will be defined in a written contract or quote and could include the identification of investment objectives and guidelines, measuring portfolio performance, and reviewing specific securities, funds, and managed portfolios.

Management of investment advisory accounts may be provided without investment supervisory services. In this case, DI will not directly authorize trades for the accounts. Examples include the Firm creating and managing a mutual fund line-up for retirement plans that the participants will use to modify portfolios.

Tailored Advisory Services

Clients may request abstention from certain securities or sectors, but cannot hold a security in a managed account which DI deems as too risky or speculative for the client.

Client Assets Under Management

As of March 8, 2013, DI managed \$88,258,697 of discretionary assets and \$13,118,857 on a non-discretionary basis.

FEES AND COMPENSATION

Investment Management Services

Clients pay a fee based on a percent of assets under management. The annual fee structure follows:

0.85 of 1% on the first \$500,000
0.70 of 1% on the next \$500,000
0.60 of 1% on the next \$1,000,000
0.50 of 1% on the next \$1,000,000
0.40 of 1% on amounts above \$3,000,000

In some cases, based on investment objectives, portfolio composition, location, services required, and portfolio size, fees will be adjusted or negotiated. Fees are calculated based on the portfolio valuation as determined by the account custodian at the close of market on the last business day of each period plus any funds withdrawn during the quarter and any accrued interest. Investment management fees are billed quarterly in arrears at the rate of one fourth of the annual fee shown above and may be deducted from clients' accounts.

Fees will be pro-rated if clients have assets under management for only part of a quarter (e.g., if a client opens an account with one month remaining in the quarter, the fee will be pro-rated to one-third the normal fee).

Investment Advice and Consultation Services

Compensation can be based on hourly charges at a range of \$110 to \$175 as negotiated with the client.

Additional Fees

Any fees charged by the custodian would be in addition to the fees outlined above. These additional fees might include transaction fees, exchange fees, margin interest, wire fees and custodial fees. DI does not receive any portion of the additional fees.

When DI recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is DI's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by DI, which would also negatively affect DI's ability to deliver its services efficiently. Not all mutual fund trades enacted by DI incur this transaction fee. When recommending mutual funds for client portfolios, DI recommends only no-load funds.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Disciplined Investors manages no accounts which pay performance-based fees.

TYPES OF CLIENTS

Disciplined Investors provides investment advisory services to:

- individuals
- high net worth individuals
- pension and profit sharing plans
- trusts, estates, or charitable organizations
- corporations

The Firm does not impose a minimum account size.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

DI evaluates potential and current investments in client accounts by reviewing fundamental and cyclical information. Fundamental analysis reviews financial attributes of a company or security, where cyclical analysis reviews a security in light of business, industry, calendar or historical cycles.

Portfolios are customized for each client with an emphasis on a long-term perspective.

DI does not guarantee the future performance of any investment decision or strategy that the Firm may use, or the performance of the Firm's overall management of the account. The client understands that investment decisions made for the account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Clients are reminded that investing in any security entails risk of loss which they should be willing to bear.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against DI, Mr. Stoner or Mr. Livesay.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Stoner is the Managing Member of Direct Leased Properties, LLC, a private placement offered only to accredited investors. As Managing Member, Mr. Stoner receives a quarterly management fee based on the acquired property costs, and a property acquisition or sale fee with each transaction. These fees may exceed the fees the Firm charges its investment management clients, possibly incenting Mr. Stoner to devote more time to the LLC. This is mitigated by monitoring his time and ensuring that clients continue to receive the same level of service as in the past.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

DI has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”).

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

Personal Securities Trading

DI or individuals associated with the firm may buy, sell, or hold in their personal accounts the same securities that the firm recommends to its clients and in accordance with the firm’s internal compliance procedures. Such trades may occur simultaneously with or at least a day after trades are placed on behalf of clients. Personal securities trades for assets other than open-ended mutual funds (including trades of IPOs and private placements) must be pre-approved by the Chief Compliance Officer.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm’s policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be required to cease such activity.

BROKERAGE PRACTICES

Selection of Brokers

In recommending brokers, DI attends to its duty to obtain best execution by considering:

- range and quality of the products the broker offers
- technical support the broker provides
- broker's execution capability
- commission structure
- availability of mutual funds with no transaction fee
- financial stability of the broker
- responsiveness of the broker to DI and DI clients

Account custodians must be "qualified custodians" providing clients directly with at least quarterly statements showing all transactions and values within the account. Each client signs an agreement with the account custodian. Currently DI recommends clients open accounts with Charles Schwab & Co., Inc., although clients may elect to use other brokers.

The Firm enacts most trades through the custodian to avoid "trade away" fees. The Firm recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, the Firm evaluates its entire custodial relationship in assessing best execution.

Research and Other Soft-Dollar Benefits

Research and services may be provided by brokers through which trades are executed. These services may benefit any of the applicant's clients, not only the client which incurs the brokerage. Broker services may include sending trade notifications and monthly statements, providing custody services, providing access to mutual funds, providing internet-access to account information, and providing research on specific securities and general economic or financial market issues. The broker may assist the advisor in managing client accounts by providing software and services to provide access to client account data, facilitate trade executions, and assist in record-keeping and the payment of client fees. The broker may provide services to help manage and further develop the advisor's business. The availability of the services and support is not contingent upon a commitment to keep any specific amount of business with the broker.

While it is possible DI's selected broker may charge higher commissions than another broker, the difference is not expected to be significant. DI will monitor brokerage commissions to ensure competitive rates. In most cases, the buy-and-hold investment

strategy will reduce the cost of commissions for clients. Trading methods such as on-line trading, and negotiations with brokers may also be used to reduce commissions.

Brokerage for Client Referrals

DI does not send trades to any broker in exchange for receiving client referrals.

Directed Brokerage

Securities are held by a custodian of the client's choice. The Firm recommends "qualified custodians" for clients' accounts, with each client signing a separate agreement with the custodian. Currently DI recommends Charles Schwab & Co., Inc. as a preferred custodian.

Clients are reminded that by selecting another custodian or broker they may affect DI's ability to combine their trades into blocks with other client accounts and monitor their accounts as efficiently.

Order Aggregation

Client trades in the same security on the same day may be grouped into one order, with all participating accounts receiving the same price per share. DI employees are permitted to participate in such block trades with clients. In the event such an order is partially filled, the order will generally be allocated to participating clients on a pro rata basis. Order executions, especially those involving only a small number of shares, may be allocated to participating accounts based on a rotation of accounts or based on investment objectives, cash availability, expected liquidity needs, and other relevant factors. The overarching principle is that no client is intentionally favored over another client that is similarly situated.

REVIEW OF ACCOUNTS

Client portfolios are reviewed at least quarterly. The equity markets are monitored throughout the quarter along with the securities owned in the portfolios. If news or events significantly affect a security, the portfolio manager will review the portfolios that own that security to consider changes. Results for client portfolios are compared quarterly to benchmark indexes and/or returns for similar mutual funds. Performance is reviewed for the quarter, last twelve months and, sometimes, longer term periods. Fundamental analysis of the portfolios is done at least quarterly, including comparing the asset allocation to the target allocation. Significant changes in the financial markets or a client's portfolio or financial situation may also cause additional reviews. Clients may also request portfolio reviews.

The portfolio managers perform all reviews. The number of advisory accounts will be limited to enable individualized management and monitoring of portfolios.

Clients will receive or have access to monthly or quarterly statements from the custodian showing account share balances, market values and transactions for the month. Trade confirmations will also be sent to the clients after each trade. DI also sends a written review letter and reports for the client's portfolio each calendar quarter unless the client has agreed to annual reporting. The review letter will include general economic and market information and specific information about the client's portfolio. The reports will

include measures of performance for the portfolio and individual securities and a review of the portfolio composition and diversification.

CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not compensate internal or external parties for client referrals.

CUSTODY

The fact that DI may instruct the custodian to deduct its investment management fee from client accounts is deemed a form of custody by the Securities and Exchange Commission, although all investments and funds are held by an outside custodian. The firm may direct the movement of funds from one account in the client's name to another such titled account, but has no access to funds except for the deduction of management fees.

When clients receive their account statements from the account custodian, clients are reminded to carefully review those statements and take the time to compare them with those they receive from DI. If the client finds significant discrepancies, the custodian and DI should be notified.

Since a related party to DI is Managing Member of an LLC (Mr. Stoner), the Firm is deemed to have custody of the funds of this entity. To mitigate this, the cash is held by a qualified custodian, and the LLC is surprise-examined by an independent accounting firm annually.

INVESTMENT DISCRETION

DI is granted discretionary trading authority in the investment management agreement executed by each client. This authority grants the Firm authority to decide which securities to trade, how much, and when without receiving a client's approval prior to placing each trade order. Clients may also choose to have assets managed on a non-discretionary basis, which places the burden on the client to grant permission prior to each trade.

VOTING CLIENT SECURITIES

DI may vote proxies for its clients. Votes will be based on what DI believes is in the clients' best interest. DI will review on a case-by-case basis proposals submitted to a stockholder vote to determine the impact on the portfolio securities held by each client. DI may vote against anti-takeover measures or other proposals that are perceived as solely serving to entrench company management.

Any client may request a copy of the firm's Proxy Voting Policy and may request to see or receive records showing how the firm has voted on the client's behalf.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair DI's ability to meet its contractual commitments to its clients.