

WUNDERLICH CAPITAL MANAGEMENT, LLC

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BROCHURE

Form ADV, Part 2A

February 7, 2012

This Brochure provides information about the qualifications and business practices of Wunderlich Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us by email at pwunderlich@wundernet.com, or by telephone at (901) 251-1330, or by mail at the address above. 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.

Wunderlich Capital Management, LLC, is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that Wunderlich Capital Management, LLC, or any person associated with Wunderlich Capital Management, LLC has achieved a certain level of skill or training.

Additional information about Wunderlich Capital Management, LLC, is available on the SEC's website at www.adviserinfo.sec.gov, either by searching our firm name or our firm IARD/CRD number, 117878.

ITEM 2: MATERIAL CHANGES

Wunderlich Capital Management, LLC is currently undergoing a switch from registration with the **United States Securities and Exchange Commission** to state registration with **Tennessee**.

Under its **Balanced Strategy** Wunderlich Capital is adjusting its future target allocation from a **20-40%** allocation to income-oriented securities to a **30-40%** mix.

TABLE OF CONTENTS

Item 1:	COVER PAGE	1
Item 2:	MATERIAL CHANGES	2
Item 3:	TABLE OF CONTENTS.....	3
Item 4:	ADVISORY BUSINESS	5
	A. Firm Background & Principal Owners	5
	B. Investment Advisory Services	5
	C. Tailored Advisory Services & Client-Imposed Restrictions.....	8
	D. Information about Wrap Fee Programs	8
	E. Managed Assets.....	9
Item 5:	FEES & COMPENSATION	9
	A. Program Fees	9
	B. Deduction of Fees by the Custodian	10
	C. Additional Fees & Expenses.....	11
	D. Prepayment of Fees, Termination & Refunds.....	13
	E. Compensation from the Sale of Securities or Other Investment Products	13
Item 6:	PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT	13
Item 7:	TYPES OF CLIENTS & ACCOUNT REQUIREMENTS.....	14
Item 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS.....	14
	A. Methods of Analysis	14
	B. Investment Strategies & Risks	16
Item 9:	DISCIPLINARY INFORMATION.....	18
Item 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS	18
Item 11:	CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING.....	19
	A. Code of Ethics.....	19
	B. Recommendations Involving Our Financial Interests	20
	C. Investments in Securities We Recommend to Clients.....	20
	D. Investments Around Same Time as Client Transactions.....	21
Item 12:	BROKERAGE PRACTICES	21
	A. Factors We Consider When Recommending Broker-Dealers.....	21
	B. Aggregation of Security Transactions.....	23

Item 13:	REVIEW OF ACCOUNTS	24
	A. Account Reviews.....	24
	B. Client Reports.....	24
Item 14:	CLIENT REFERRALS & OTHER COMPENSATION.....	24
Item 15:	CUSTODY & ACCOUNT STATEMENTS.....	24
Item 16:	INVESTMENT DISCRETION.....	24
Item 17:	VOTING CLIENT SECURITIES	25
Item 18:	FINANCIAL INFORMATION.....	25
	A. Prepayment of More Than \$500 in Fees Six Months or More in Advance	25
	B. Disclosure of Certain Financial Conditions	26
	C. Bankruptcy within Past Ten Years	26
Item 19:	REQUIREMENTS FOR STATE-REGISTERED ADVISERS	26

Item 4: **ADVISORY BUSINESS**

A. Firm Background & Principal Owners

Wunderlich Capital Management, LLC (“WCM,” “Firm,” “we,” or “us”), is a Tennessee corporation headquartered in Memphis, Tennessee. We have been in business since 1999. Philip Wunderlich is the only owner of 25% or more of WCM.

B. Investment Advisory Services

WCM offers the following investment advisory services:

- **discretionary portfolio management services through the WCM Advisory Account Program** (“WCM Program”); and
- **discretionary portfolio management services as subadviser for the Wrap Fee Program** (“WSI Program”).

In this Brochure, we describe the WCM’s services, investment strategies, costs, and conflicts of interest. If you have any questions about our services or the information in this Brochure, please contact us at the phone number, email address, or street address on the front of this Brochure.

The WCM Program

The WCM Program is a discretionary investment management program for clients seeking professional portfolio management services. WCM Program accounts are managed according to “Strategies” WCM develops from time to time. At the beginning of the relationship, WCM will obtain information regarding the client’s personal and financial situation, the investment objective, tolerance for risk, and investment time horizon of the account we will manage, and any reasonable investment restrictions the client wishes to impose.

Based on the information from the client, WCM will assist the client to select a suitable Strategy for the account. The client will enter into an Advisory Agreement with WCM containing the specific terms, conditions, and fees applicable to the client’s participation in the WCM Program, and designating the Strategy for the account. Each Strategy is constructed to achieve a certain investment objective and risk profile, and WCM will manage the account to reflect the Strategy designated by the client. Currently, WCM offers the following Strategies:

Large Cap Equity Strategy: WCM’s Large Cap Equity Strategy is constructed by combining a top- down approach to industry sectors with a bottom-up approach to stock selection. After compiling an approved list of companies in potentially attractive industries, we set price objectives on each security based on historical relative and absolute valuations while considering current revenue and earnings growth prospects. Shares are purchased at prices that will allow a sufficient return relative to our price objective over 12-18 months. Accounts invested in this Strategy seek to achieve long-term growth of capital and are generally not looking for current income. A tolerance for significant fluctuations in the value of the account is required. Accounts must be willing to accept the volatility associated with an equity portfolio and a time horizon of five years or longer is strongly recommended.

Balanced Strategy: WCM’s Balanced Strategy combines our equity philosophy and process with a 30-40% allocation to income-oriented investments. The target allocation will depend on several factors including the absolute level of interest rates, and the S&P 500 earnings yield relative to yields on long-dated Treasuries and corporate bonds. WCM may use

treasury, agency, municipal and corporate bonds, straight and convertible preferred stocks, REITs, and publicly traded partnerships in its income component. It may also choose to use some mutual funds and bond market exchange-traded funds (ETFs) for all or part of its income allocation. After determining a target allocation of stocks to income, the mix of income investments will depend on the relative value among the instruments in terms of spreads and also on the desired duration of the income allocation. Accounts invested in this Strategy seek to achieve long-term growth of capital, with moderate current income. A tolerance for moderate fluctuations in the value of the account is required. Accounts must be willing to accept the volatility associated with an equity portfolio and a time horizon of five years or longer is strongly recommended.

Trading & Speculation Strategy: WCM's Trading & Speculation Strategy is intended for sophisticated investors who have a significant tolerance for risk and fluctuation in their account values. This Strategy's investment policy places no restrictions on WCM in terms of allowable securities, or maximum exposure or weighting per security, sector, or asset class. This Strategy allows for substantial trading and speculation in a manner consistent with an objective of aggressive growth, and explicitly allows WCM to invest client assets in a concentrated or undiversified manner, to "go short" on a net basis, and to use margin in seeking the Strategy's objective. Diversification is not an objective of this Strategy.

The WSI Program

The WSI Program is a discretionary managed account program established by Wunderlich Securities, Inc. ("WSI"), an SEC-registered investment adviser and broker-dealer. WSI is the primary investment adviser and sponsor of the WSI Program, and has engaged WCM as a subadviser and portfolio manager. The WSI Program is a "wrap fee program." Please refer to Item 4.D for important information regarding the wrap fee programs.

In the WSI Program, WSI's investment adviser representative (the "Representative") will meet with the client and obtain information regarding the client's personal and financial situation, the investment objective, tolerance for risk, and investment time horizon of the account that will participate in the WSI Program, and any reasonable investment restrictions the client wishes to impose.

Based on the information from the client, the Representative will assist the client to designate a suitable WCM Strategy for the account. The client will enter into an Advisory Agreement with WSI containing the specific terms, conditions, and fees applicable to the client's participation in the WSI Program, and designating the Strategy for the account. WSI will provide WCM access to the information regarding the account and the Strategy the client has designated, and WCM will manage the client's assets allocated to it by WSI on a discretionary basis to reflect the Strategy the client has designated.

The Custodian

Clients in the WCM or WSI Programs will open an account with a qualified custodian to hold the account's assets. The custodian will provide the account with services related to custody of securities, trade execution, and trade clearance and settlement. Neither WCM nor any Representative shall have possession of client funds or securities, except to the limited extent of automatically deducting Program Fees from the accounts.

Responsibilities for Client Servicing and Portfolio Management

In the WCM Program, WCM is responsible for obtaining the client information, assisting the client in selecting a suitable Strategy, managing the ongoing client relationship, serving as the Program portfolio manager. In the WSI Program, WSI and the Representative are responsible for obtaining the client information, assisting the client in selecting a suitable Strategy, managing the ongoing client relationship, making the client information available to WCM, and informing WCM of any changes in the client information; and WCM is responsible for managing the WSI Program account assets allocated to it according to the Strategy selected by each client.

Changes in the Client's Circumstances

Clients are advised that changes in the client's financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the Strategy selected by the client to be no longer suitable. If as a result of any such change the Strategy selected by client is no longer suitable, the client should contact the Representative or WCM promptly in order to identify another Strategy or other investment program that meets the client's needs.

Negotiability of Fees, Account Minimums & Other Terms

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to negotiate alternative fees, minimums, or other terms on a client-by-client basis.

When considering and negotiating these matters, we usually consider, among other factors, the dollar amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future additional assets or accounts from the client or related persons, and other existing or anticipated relationships. We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining annualized fees. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates.

Securities for Which We Provide Advice

WCM offers advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities of domestic or foreign issuers
- money market funds, open-end investment companies (mutual funds), closed-end funds, unit investment trusts, and exchange-traded funds ("ETFs")
- variable life insurance, variable annuities, and their investment subaccounts
- certificates of deposit; municipal securities
- securities issued by the US Treasury, agencies, or government sponsored enterprises
- option contracts on securities
- privately issued or publicly traded interests in limited partnerships or limited liability companies investing in real estate, oil and gas, and other businesses

The types of securities for which we offer advice are significantly more extensive than the types of investments we generally recommend to our clients. Please refer to Item 8 for information about the investments and strategies we recommend to clients.

C. Tailored Advisory Services & Client-Imposed Restrictions

We tailor our advice to the specific needs and objectives of the client. Depending on the particular Program, WCM or the Representative will complete an account profile or questionnaire so that it accurately reflects the account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations, and will also answer client questions about the programs and our services. Based on this information, WCM or the Representative will recommend and assist the client to designate a WCM Strategy that is suitable for the account. We permit clients to impose reasonable restrictions on the types of securities we purchase for their account, and permit clients to change the restrictions by written instruction to us.

Once the client has designated a Strategy that is suitable for the account, we will manage the account assets (in the WSI Program, to the extent allocated to us by WSI) to reflect the allocation and achieve the objectives of the Strategy, subject to reasonable restrictions imposed by the client. Due to client restrictions and other differences regarding each account, performance of a client's account may be different from the performance of other accounts in the same Program or Strategy. On an on-going basis, WCM reviews and adjusts the portfolios to ensure they continue to reflect the intended allocations and objectives, as well as any reasonable restrictions imposed by the client.

D. Information about Wrap Fee Programs

WSI and the Representative are responsible for recommending the WSI Program to those clients for whom it is suitable. In the Advisory Agreement for the WSI Program, the client directs the investment of the account in the WSI Program and designates the particular Strategy for the account. WCM does not make any recommendation of the suitability of the WSI Program or wrap fee arrangement for any client.

In the WSI Program, the wrap fee paid by the client is shared between WCM, to compensate it for its services as portfolio manager, and WSI, for its services in sponsoring the Program and to pay the Representative, and the Program broker-dealer and custodian. Further information regarding the WSI Program is available in the Wrap Fee Program Brochure for the WSI Program (the "Wrap Fee Brochure") available upon request from WSI by telephone at (901) 251-1330, by email to compliance@wundernet.com, or by mail to 6000 Poplar Avenue, Suite 150, Memphis, Tennessee 38119.

We manage the accounts in the WCM Program and the WSI Program according to the same Strategies. There are no differences between how we manage accounts in the WCM Program and the wrap fee accounts in the WSI Program.

Special Considerations Regarding Wrap Fee Arrangements

Programs that provide wrap fee arrangements have important differences from traditional advisory arrangements between a client and a portfolio manager. In a traditional arrangement, the client pays advisory fees for the portfolio manager's services in managing the client's investments. The client also pays brokerage commissions and other transaction costs charged by the broker-dealer that executes trades placed by the portfolio manager.

In a wrap fee program, the client pays a single fee based on a percentage of the account's value that includes the services of the account's portfolio manager (WCM) and broker-dealers. WSI serves as the introducing broker-dealer for accounts in the WSI Program, and First Clearing, LLC

("First Clearing") serves as WSI's clearing broker-dealer and account custodian. The client is not charged separate commissions or other transaction costs for each trade for their WSI Program account. Clients should not assume that a wrap fee arrangement will provide lower costs or better net returns than other programs or fee arrangements. The benefits of a wrap fee arrangement depend on a number of factors, particularly the amount of the wrap fee, the number and frequency of account trades, and the types of securities the account will trade. Some clients may pay higher overall costs in a wrap fee arrangement than in a traditional arrangement where they pay separately for portfolio management and brokerage services.

A wrap fee arrangement is likely to be more beneficial for accounts that expect relatively frequent trading, such as where the portfolio manager intends to pursue an active trading strategy. In that case, the single wrap fee may cost less than the combined fee for investment advice and brokerage commissions payable through a traditional arrangement. Conversely, an account that does not expect to trade frequently and has a relatively small number of trades each year would likely find a wrap fee arrangement to be more costly than paying the separate costs of brokerage commissions and the fees for investment advice.

Clients are cautioned to review the information in the Wrap Fee Program Brochure to understand the costs and factors they should consider when deciding whether to participate in (or to continue to participate in) the WSI Program. Clients should also consider that lower cost programs that provide similar advisory, brokerage, and custodial services may be available through other advisers or broker-dealers, either through a wrap fee or on a separate cost basis.

E. Managed Assets

As of December 31, 2011, we managed client assets of \$74,546,814 on a discretionary basis. We do not manage assets on a non-discretionary basis.

Item 5: FEES & COMPENSATION

A. Program Fees

WCM charges accounts participating in the WCM Program and accounts participating in the WSI Program a quarterly Program Fee that is calculated and paid in arrears based upon the market value of all assets under management. WCM's maximum Program Fees for the WCM Program and WSI Program are set forth in the Fee Schedules below, subject to negotiation:

WCM ADVISORY ACCOUNT PROGRAM Fee Schedule	
Account Value	Quarterly Fee Rate
Entire value of account	0.3125% per quarter (1.25% annualized)

WSI WRAP PROGRAM** Fee Schedule	
Account Value	Quarterly Fee Rate
Entire value of account	0.25% per quarter (1.00% annualized)

****WSI's Fees for the WSI Program**

For the WSI Program, the Program Fee shown above represents **only** the Program Fee charged by WCM for its services as subadviser and portfolio manager, and does not reflect the additional fees charged by WSI. The total fees payable by clients in the WSI Program are described in the Wrap Fee Program Brochure.

Brokerage and Investment Expenses

Accounts participating in the WCM Program will incur the following brokerage and other transaction costs in connection with the purchase or sale of securities:

- commissions, sales charges, or other transaction costs by broker-dealers who execute the purchase or sale of securities;
- fees and commissions charged by exchanges, electronic communications networks, introducing and executing brokers, and other trading intermediaries involved in effecting account transactions;
- odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, margin interest, and other expenses of investments made or assets held for the account; and
- initial and deferred sales charges and short-term redemption fees in connection with the purchase or redemption of mutual funds (or variable annuity contracts or variable life insurance contracts, if any).

Certain Accounts Pay Lower Fees or Commissions

WCM's Program Fees for the WCM Program and WSI Program are negotiable by WCM, in its sole discretion and as a result, some accounts pay lower Program Fees than other accounts. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates.

In the WSI Program, WSI or the Representative may negotiate the separate fees or other terms of the client's relationship with WSI and participation in the WSI Program on a case-by-case basis, depending on a variety of factors, including the size of the account, the compensation requirements of the particular Representative, the client's relationship with WSI or the Representative, and the potential for other business or clients, among other factors.

B. Deduction of Fees by the Custodian

For each Program, the Advisory Agreement will authorize and direct the custodian to deduct the Program Fee directly from the account upon receipt of WCM's instructions. We require clients to authorize the custodian to deduct our Program Fees from the account and pay us; clients may not choose to have Program Fees billed to the client for payment in lieu of billing the custodian. The amount of the Program Fee will be reflected on the custodian's regular statements to the client.

We invoice the account custodian quarterly in arrears for our Program Fees. Except for the last calendar quarter in which the account is open, the Program Fee for each account will be payable on the first day of the following calendar quarter based on the value of the account as of the

close of the last trading day of the calendar quarter for which such fees are payable, using the applicable Fee Schedule which is part of the account's Advisory Agreement. Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by WCM on a consistent basis. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Unless otherwise provided in the Advisory Agreement, WCM will calculate the Program Fee on the basis of a 365-day year so that the Program Fee payable for each quarter will be based on the actual number of calendar days in that quarter; provided, WCM may calculate fees on the basis of a 360-day year, and 90-day calendar quarter, in its discretion on a consistent basis.

For the first calendar quarter that the account is open, the Program Fee will be pro-rated to cover the period from the date the Advisory Agreement is accepted by WCM through the end of the calendar quarter. For the last calendar quarter that the account is open, the Program Fee will be pro-rated to cover the number of days this Agreement is in effect and will be debited from the account prior to closing of the account, where possible.

Risk of Liquidations to Pay Fees

The custodian will be authorized to deduct the Program Fees directly from the account and pay us according to our instructions, without notice to the client. If sufficient cash is not available in the account to pay the Program Fees when due, the custodian will liquidate securities selected by the custodian without prior notice to the client. If mutual funds are liquidated, the client may be charged a contingent deferred sales charge, an early redemption fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the client will realize a loss and forego the opportunity for future appreciation of the securities.

Computing Market Value

Typically, the value of an account will be based on the value reported by the Custodian on its monthly or quarterly statements (or its internal electronic system, if any, for values calculated other than at the end of a month or quarter); provided, WCM may, in the exercise of its fiduciary obligations, determine the value an account or any asset in such manner as it shall determine in good faith to reflect its fair value.

C. Additional Fees & Expenses

The Program Fees are separate and distinct from the costs accounts in the WCM Program will incur for transactions to purchase or sell securities. Accounts participating in the WCM Program will bear the Brokerage and Investment Expenses, Mutual Fund and ETF Expenses, Custodial Expenses, and Cash Management Expenses described in this Item 5.C. Accounts participating in the WSI Program will incur the Mutual Fund and ETF Expenses, plus the wrap fee charged by WSI to accounts participating in the WSI Program.

Please refer to Item 5.E for further information about compensation broker-dealers and the Representative will receive if you purchase securities or insurance products.

Mutual Fund and ETF Expenses

Clients whose accounts invest in mutual funds or ETFs will indirectly bear the internal management, operating, and investment fees and expenses charged by mutual funds or ETFs to

their shareholders, including servicing and distribution fees paid pursuant to Rule 12b-1 ("12b-1 Fees"), recordkeeping fees, and transfer and sub-transfer agent fees. The risks, potential benefits, fees, and expenses of mutual funds and ETFs are described in each product's prospectus or summary disclosure. Clients should become familiar with such information prior to investing.

WCM does not anticipate significant mutual fund investments; investments in exchange-traded funds ("ETFs") are more likely. However, client should be aware that if the account is invested in mutual funds or ETFs, the Program Fees will be separate and distinct from the fees and expenses charged by the mutual funds or ETFs to their shareholders. Additionally, mutual funds may impose a contingent deferred sales charge ("CDSC") or redemption fee if shares are sold within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent. Mutual funds and ETFs will also charge a management fee, transaction costs, and a possible distribution or service fee made pursuant to a plan adopted under SEC Rule 12b-1 (a "12b-1 Fee").

Mutual fund and ETF fees and expenses are described in each fund's and ETF's prospectus. A client could invest in mutual funds and ETFs directly, without the services of WCM or a Representative. In that case, the client would not receive the services provided by WCM or the Representative, which are designed, among other things, to identify mutual funds or ETFs which are appropriate in light of the client's objectives, needs, and circumstances. Accordingly, clients should review the fees charged by the funds and ETFs in which their accounts are invested in evaluating the costs of the services being provided.

Cash Management Fees and Expenses

Cash in the account that is awaiting investment or reinvestment may be invested in cash balances or money market funds at First Clearing (or its affiliates), pursuant to an automatic cash "sweep" program. The adviser to these funds may be First Clearing (or its affiliate) or other custodian (or an affiliate of the custodian). WSI's agreement with First Clearing provides that First Clearing will compensate WSI based on the balances of client accounts in such sweep accounts. Consequently, the possibility of this compensation creates an incentive for WCM to make decisions for the account which would have the effect of increasing this compensation. WSI and First Clearing (or its affiliate) may also receive from the money market fund distribution payments pursuant to Rule 12b-1 under the Investment Company Act of 1940. Such compensation or payments are not credited against, and will not reduce, the Program Fees owed to us.

Custodial Expenses

Clients will pay the cost of services provided by the qualified custodians of their accounts for: (1) arranging for the receipt and delivery of account securities purchased, sold, borrowed or loaned; (2) making and receiving payments for account securities; (3) custody of account securities; and (4) custody of all cash, dividends, exchanges, distributions, and rights accruing to the account, and delivery of cash to client bank accounts. The custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the custodian (or its affiliates) or by asset-based fees settled into the custodian's accounts, or both. The specific fees and terms of each custodian's services will be described in the custodian's separate account agreement with the client.

Availability of Similar Services from Other Firms

Clients can generally purchase the same or similar investment products or services through other firms that are not affiliated with us. However, clients who obtain investment products or services through other firms will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client's financial situation, investment objectives, risk tolerance, and liquidity needs.

Our Program Fees may be higher (or lower) than fees charged by other advisers or institutions for similar services with better (or worse) performance or lower (or higher) risk. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services.

Please refer to Item 12 for additional information regarding brokerage, transaction, and other fees and expenses clients will incur.

D. Prepayment of Fees, Termination & Refunds

The Advisory Agreements may be terminated by the client or us at any time upon written notice to the other. Upon termination, any earned but unpaid Program Fees owed to us will be immediately due and payable; and any unearned Program Fees we have received will be refunded to the client within 30 days. We will not ask or require prepayment of Program Fees of more than \$500 per client six months or more in advance.

An Advisory Agreement may be canceled at any time, by either party, for any reason, with notice to the other party, as provided in the Advisory Agreement. The client has the right to terminate the Advisory Agreement without penalty within five business days after entering into the Advisory Agreement. For the calendar quarter in which the Advisory Agreement is terminated, the Program Fee will be prorated based on the number of days that the Advisory Agreement was in effect during such quarter; and any unpaid Program Fees will be paid upon termination of the Advisory Agreement or the account.

After an Advisory Agreement has been terminated: transactions involving client's assets will be executed at the prevailing rates for, and client will incur commissions and other costs for transactions, clearance, settlement, and custodial charges imposed by the Custodian and any broker-dealers (including without limitation, WSI); client will be responsible for monitoring the assets; and neither WCM nor the Representative will have any further obligation with respect to client or those assets.

E. Compensation from the Sale of Securities or Other Investment Products

We do not accept commissions, asset-based sales charges, or service fees for the sale of mutual funds or other securities to clients. However, WSI and its clearing firm will charge transaction-related fees or expenses for accounts participating in the WCM Program.

Item 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT

We are required to disclose in Item 6 certain information about any "performance-based" fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

Item 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

We provide investment advisory services to the following types of clients:

- Individuals, including high net worth individuals;
- Pension and profit sharing plans;
- Trusts, estates, and charitable organizations;
- Corporations and other businesses not listed above.

We require a minimum account size of \$250,000 for the WCM Program.

Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

We use the following methods of analysis in formulating advice and managing client accounts:

A. Methods of Analysis

Depending on the specific Strategy, account assets may be invested in stocks, fixed income securities, options, no-load mutual funds, exchange-traded funds (“ETFs”), unit investment trusts, or money market instruments, among other investments. Accounts are managed to reflect the allocation and achieve the objectives of the Strategy which the client has selected, subject to reasonable restrictions imposed by the client. Due to client restrictions and other differences regarding each account, performance of a client’s account may be different from the performance of other accounts in the same Strategy. On an on-going basis, WCM reviews and adjusts the Strategies and the accounts to ensure they continue to reflect the intended allocations and objectives, as well as any reasonable restrictions imposed by the client.

ETFs are a type of investment company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

ETFs offer the ease of stock trading. ETFs can be purchased on margin, sold short, or held for the long term. WCM may use ETFs to achieve market exposure consistent with the index on which the ETF is based, through one security. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost.

Investment Philosophy

Wunderlich Capital strives to produce investment results that exceed the return of its benchmarks while attempting to control volatility. Our goal is to provide superior long-term capital appreciation by investing in relatively large capitalization companies that we believe possess above average growth prospects and trade at attractive valuation levels. We believe that our growth at a reasonable price philosophy may lead to more favorable relative returns on a more consistent basis than investment programs that follow traditional “value” and “growth” strategies.

Investment Process

WCM builds equity portfolios by combining a top-down approach to industry sectors with a bottom-up approach to stock selection. We identify industries that have shown the ability to deliver stronger financial results on a consistent basis in a variety of economic cycles and in which demand often continues even in difficult periods. We also search for sectors positioned to benefit from a cyclical upturn due to strengthening economic conditions and favorable supply/demand dynamics. We look for major themes and/or secular trends in the economy, politics, business, technology, demographics, etc., which may benefit certain industries or sectors. In compiling a list of potential equity investments, we also screen individual companies for credit and quality rankings. The vast majority of portfolio companies, if not all, will either carry investment grade credit ratings and/or above average earnings and dividend rankings.

After determining the industries we believe may provide superior investment performance, we then focus our efforts on the specific companies within each industry and determine which firms we believe are positioned for future growth. Attributes we look for include quality management teams with sound business strategies and histories of building shareholder value, superior products/services, low cost producer status, and strong balance sheets. In addition, we strive to determine a company's relationship with both its suppliers and customers to determine if any purchasing or bargaining power exists and to identify potential substitutes. In evaluating management's ability and a company's relative attractiveness, we look for above-average revenue growth, profit margins, EPS growth and return on capital. Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis carries a risk that it may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the security.

Finally, given the market capitalized industry weightings of the S&P 500, we strategically weight our portfolio to emphasize those sectors our research shows may be expected to outperform. Generally, we try to limit our exposure to any industry group at 2x its S&P weighting and to any one stock at 5% at cost. Note that the weightings of industries and specific stocks in our portfolios are determined not only by the favorable growth prospects and financial characteristics but also by a strict valuation discipline. Put simply, we believe great companies make great investments when they are purchased at attractive valuations. The price we are willing to pay for a company is dependent on its growth prospects, its relative valuation within its industry, its valuation compared to the S&P 500 average, the level and direction of interest rates, and the degree of consistency (visibility) in a company's financial results. We may choose to defer investment in particular sectors regardless of near term growth prospects if we believe current valuation levels are unsustainable.

After compiling an approved list of companies, we set price objectives on each security based on historical valuations and revenue and EPS growth forecasts relative to the S&P 500 and comparable companies. We then set buy targets on each stock that will allow a sufficient return relative to our price objective. Our buy targets are used only as general guidelines in determining attractive entry points.

Investments are made with an 18-month to three-year time horizon. Strategies will tend to be weighted towards six to seven industry groups and may have no exposure to certain of the ten S&P industry groups. However, we do feel that a sufficient number of industries will be represented to provide proper diversification.

Analysis of Mutual Funds and ETFs

We use similar methods for analyzing mutual funds and ETFs. We look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds or ETFs. We monitor the mutual funds and ETFs in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds and ETFs to determine whether the client is receiving adequate value for these fees and expenses.

A risk of our method of analysis is that past performance does not guarantee future results. A portfolio manager who has been successful in the past may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned by the mutual funds or ETFs. Also, we may not be aware that two or more portfolio managers may have invested in the same security, which would increase the risk to the client if that security were to fall in value. Additionally, a portfolio manager may deviate from the stated investment mandate or strategy of a fund or ETF, which could cause the investment to become less suitable for the client. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Notice to Change Strategy, Portfolio or Asset Allocation

Unless or until the client notifies us in writing to designate a different strategy or portfolio or change to a different asset allocation, we will continue to manage the client's account according to the original strategy and portfolio. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in their investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs so that appropriate changes can be made in the portfolio and asset allocation for their account.

Risks of Inaccurate or Biased Information

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

B. Investment Strategies & Risks

We use the following strategies, as appropriate, depending on the particular needs of the client and the investments in the account. Each strategy carries material risks.

Long-term Investments

This strategy involves buying and holding a security for a year or longer, which may occur when we believe a security is currently undervalued or we seek exposure to a particular asset class over time, regardless of the current values. A long-term investment strategy carries the risk that the investments will not achieve the price targets our analysis suggests. The risks of this strategy will be influenced by the types of securities and issuers in which we invest. We may invest in securities of issuers with any size market capitalization.

A risk of a long-term purchase strategy is that by holding the security for the anticipated length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, the security may decline in value before we make the decision to sell.

Short-term Purchases

This strategy involves purchasing securities with the idea of selling them within a relatively short time to take advantage of conditions we believe will soon result in a favorable price swing. There is no assurance the securities will perform as expected. A short-term purchase strategy poses risks that the anticipated price swing may not materialize, leaving a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. This strategy involves more frequent trading than a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term gains.

Trading

Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss.

The Trading & Speculation Strategy will employ this strategy. Clients should expect high rates of portfolio turnover, which will lead to an increase in the account's brokerage and transactions costs, and may also result in the realization of net short-term capital gains, taxable as ordinary income for federal income tax purposes.

Short Sales

The Trading & Speculation Strategy expects to engage in short sales of securities. In these transactions, the client's account will sell a security that it does not own. It can do this by "borrowing" the stock from its broker with the promise to replace the security on a future date. If the security's price falls before the account must return the security to the broker, the account will repurchase it at the lower price, thereby making a profit. If the price is higher than the amount received from the original short sale, the account will incur a loss.

These transactions are speculative and involve special risk considerations. For example, you will lose money if the value of the security increases and you have to buy it at a higher price in order to return it to your broker. Because there is theoretically no limit to how high the price of the security can go, the potential losses can be infinite. Also, you must pay interest to the broker during the time you have borrowed the security, and you must also pay the broker's commissions or other transaction costs to engage in the initial short sale and the repurchase of the security.

Margin Transactions

Occasionally, we may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a "margin account" (e.g., short sales).

In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker) falls below a certain level, the broker will issue a “margin call” and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker until it is repaid in full. The amount of margin interest will diminish your profits and in some cases could cause net losses in your account.

Insolvency of Brokers and Others

Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

Trade Errors

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, if WCM was responsible for such error, WCM's policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

Item 9: DISCIPLINARY INFORMATION

We are required to disclose in Item 9 information about legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management.

We do not have any disclosures to make for this Item.

Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Philip Wunderlich is registered as an investment adviser representative of WCM and WSI, and is also registered as a broker-dealer registered representative of WSI. Wunderlich Investment Company, Inc., which is the parent company of WSI, also owns 20% of WCM.

Mr. Wunderlich devotes approximately 80% of his business time to investment -related activities on behalf of WCM, approximately 15% of his business time to his duties as Chief Investment Strategist for WSI, and approximately 5% of his time acting as a general securities representative for WSI.

When effecting the purchase or sale of securities for an account, Philip Wunderlich may be acting in his capacity as a registered representative of WSI. Accounts participating in the WCM Program will pay WSI's customary commissions and other transaction-related expenses for transactions in the account.

Potential conflicts of interest exist to the extent activities of Mr. Wunderlich on behalf of WSI may limit the amount of time he can dedicate to management of advisory client accounts.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address the conflicts that exist or may arise:

- We disclose the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any recommended investment, insurance, or accounting products or services from our employees;
- We ensure that client advisory fees are not increased due to referral fees paid by our firm;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Item 11: CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING

A. Code of Ethics

WCM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. WCM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth WCM's practice of supervising the personal securities transactions of supervised persons with access to information regarding client recommendations or transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy of our Code of Ethics by email sent to pwunderlich@wundernet.com or by calling us at (901) 251-1330.

We owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

WCM and its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with WCM's Code of Ethics. In doing so, WCM or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Clients should be aware that the reporting and approval requirements under WCM's Code of Ethics do not apply as long as Philip Wunderlich is WCM's sole "access person," as provided under SEC Rule 204A-1. Moreover, the requirements for reports, approval, and discipline are of limited benefit since Mr. Wunderlich is reviewing and approving his own transactions and disciplining himself. WCM will provide a copy of its Code of Ethics to any client or prospective client upon request at WCM's principal address.

Nothing in this Brochure or otherwise shall impose upon WCM or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, any security which WCM or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless not to engage in such activity would violate WCM's fiduciary duty.

Confidentiality of Client Information

Protecting the confidentiality of its customers' nonpublic information is paramount for WCM. As such, the Firm has instituted policies and procedures to ensure that nonpublic customer information is kept confidential. WCM does not disclose nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as provided pursuant to its privacy policies or as required by or permitted by law. In the course of servicing a client's account, WCM may share client information with service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. WCM, WSI, and the Representative share information regarding the client, the client's account, and account activity, and each has agreed to keep such information confidential.

B. Recommendations Involving Our Financial Interests

We are required to disclose in Item 11 if we recommend that clients invest in securities in which WCM or our employees have a material financial interest.

We do not make any such recommendations to our clients.

C. Investments in Securities We Recommend to Clients

Individuals associated with WCM may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of WCM that no person employed by WCM shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, WCM and its employees are permitted to trade for their own accounts side-by-side and in block

transactions with the firm's clients in the same securities, and at the same time. We have adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by our policies.

D. Investments Around Same Time as Client Transactions

Subject to the procedures in this section 11.D, WCM and its employees are permitted to trade for their own accounts side-by-side with clients in the same securities at or around the same time as clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for client accounts. WCM, its employees, and its affiliates may buy or sell securities for their personal accounts identical to the securities recommended to customers. We have adopted the procedures described below to address the conflicts of interest arising from our policies described in Items 11.C and 11.D:

- WCM prohibits employees from purchasing or selling securities (other than mutual funds or other securities which are not treated as "reportable securities") immediately prior to client transactions, in order to prevent employees from benefitting from transactions placed on behalf of advisory accounts.
- A director, officer, or employee of WCM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- No person of WCM shall prefer his or her own interest to that of the advisory client.
- WCM maintains a list of all securities holdings for itself, and anyone associated with it with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer of WCM.
- WCM emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where WCM is granted discretionary authority of the client's investments.
- WCM requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to discipline, including termination.

Item 12: BROKERAGE PRACTICES

A. Factors We Consider When Recommending Broker-Dealers

Recommendation of Brokers

Clients must direct us to use a specific broker-dealer. Clients in need of brokerage and custodial services will have WSI, as introducing broker, and First Clearing, as its clearing broker, recommended to them (although other brokers or custodians may be acceptable to us). If WSI approves another custodian or broker for the Programs, WCM may also recommend the services of the other custodian or broker (or affiliate).

We recommend WSI's services as introducing broker-dealer and First Clearing's services as clearing broker-dealer and custodian. We evaluate these recommendations on a continuing basis and have determined our recommendations to clients of WSI's and First Clearing's services are reasonable and consistent with our fiduciary responsibilities.

In recommending broker-dealers, we consider the full range and quality of the broker-dealer's services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. WCM will not recommend a broker-dealer solely on the basis of the lowest possible commission cost, but

rather, will determine whether the broker-dealer has the ability to provide the best qualitative execution. The reasonableness of a broker-dealer's compensation is based on the broker-dealer's ability to provide professional services, competitive commission rates, research, and other services which will help us in providing investment services to clients. Consequently, we may recommend a broker-dealer that provides useful research and brokerage services, even though a lower commission may be charged by a different broker-dealer.

We depend on services WSI and First Clearing make available that assist us in managing and administering client accounts, including technology that:

- provides access to electronic client account data (such as trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides research, pricing and other market data;
- facilitates payment of our fees from clients' accounts; and
- assists with back-office recordkeeping and client reporting functions.

When we use client commissions (or similar amounts paid for executing wrap account transactions) to obtain services from broker-dealers, we do not have to pay for the services from our own funds.

In evaluating whether to recommend WSI and First Clearing to our clients, we consider all of the products, services, and benefits we receive; our recommendation is not based solely on the cost and quality of the custodial or brokerage services WSI or First Clearing provides. Consequently, our recommendation of WSI and First Clearing is influenced by a number of economic interests or benefits related to the business relationship between WCM and WSI: we depend on WSI for access to shared office space and equipment, for electronic services, and for continued registration of WCM's President as a registered representative; and we depend on the Representatives for continuing referrals of clients to the WSI Program.

By recommending WSI and First Clearing to our clients, WCM helps to increase the number of transactions First Clearing processes and increase the value of client assets First Clearing holds. WCM client transactions and assets help WSI in meeting its minimum monthly clearing requirement with First Clearing, and in increasing the payments or credits WSI receives from First Clearing based on WCM customer "free credit balances," interest earned on client sweep account balances, interest paid on margin account balances, and IRA account fees.

Because of the incentives we have to recommend WSI and First Clearing, a conflict exists between the interests of our clients in receiving most favorable execution and reducing their transaction costs, and our interests in receiving WSI's and First Clearing services and the Representatives' continuing referrals.

Although we strive to address these conflicts in a manner consistent with our fiduciary duty, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures periodically to analyze WSI's and First Clearing's services and programs, evaluate the usefulness of the services received in relation to the costs of such services, and assess the overall quality of the services.

Brokerage Services Not Used for Specific Accounts

We do not attempt to put a dollar value on the services received from WSI or First Clearing by each account, nor do we attempt to allocate or use the services received for the benefit of

specific accounts, or attempt to use any particular item to service all accounts. We will use the services we receive to assist in managing accounts not maintained with the broker-dealer whose commissions were used to pay for such services. The services and support we receive from broker-dealers are used to help our firm to fulfill its overall client obligations. Clients will likely pay commissions or other transaction costs which will be used, in part, to pay for services that are not used to benefit their account.

Directed Brokerage

Clients must direct us to execute transactions through a specific broker-dealer. Not all investment advisers require their clients to direct the use of a particular broker-dealer.

When a client directs the use of a particular broker-dealer, we may not aggregate their orders with the orders of other clients. Orders for these accounts may not be placed until after orders are placed for accounts that have not directed the use of the particular broker. As a result, the client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of client orders, as discussed in Item 12.B. Further, when we are directed to use a particular broker-dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, clients should understand that their direction to place orders with WSI and First Clearing may result in WCM not achieving most favorable execution of the client's transactions. This practice may cost the client more money than if we had discretion to select another broker-dealer. A disparity may arise such that clients who direct brokerage may pay higher overall costs and receive less favorable prices than clients who do not direct brokerage.

B. Aggregation of Security Transactions

WCM is the portfolio manager and makes all decisions with respect to the aggregation or "block" trading of orders. The Advisory Agreement authorizes, but does not require, WCM to aggregate the orders of more than one client into "block trades." Proprietary accounts of WCM or its supervised persons may participate in block orders on the same basis as clients.

Depending on the Program in which an account participates and the type of security being traded, block trading may enable us to obtain better prices by negotiating volume discounts, by executing trades in a timelier manner, and by reducing the potential adverse market effects of placing a number of separate and competing orders. However, clients should be aware that due to differences in the types of investments in various accounts, and differences in programs, account objectives, cash positions, and the systems WCM has available for placing orders with broker-dealers, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially timelier or better execution, or volume discounts that might be obtained by accounts whose orders are aggregated.

Block orders may be executed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price, and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day. Typically, partial fills are allocated among accounts in proportion to the total orders participating in the block, unless WCM determines that another method of allocation is equitable (such as a rotation or other method). Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, performance relative to the

applicable benchmark, performance relative to other accounts in the same Strategy, or desire to avoid “odd lots” (an amount of a security that is less than the normal unit of trading for that security).

In certain situations, aggregation of orders may operate to the disadvantage of some accounts, such as where an account may have been able to have its order executed at a more favorable time on a particular trading day. Adviser will ensure that no account is unreasonably or systematically disadvantaged through the use of block trading.

Item 13: REVIEW OF ACCOUNTS

A. Account Reviews

All Accounts are reviewed regularly by WCM’s portfolio manager or administrative staff to ensure that they are correctly allocated according to the selected Strategy. At least quarterly, WCM will notify the client to contact WCM or the Representative if there have been changes in the account’s financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions. At least annually, the client will also be contacted to determine if there have been any changes in the account’s financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions. Philip Wunderlich will be responsible for overseeing all reviews

B. Client Reports

Clients will receive statements from their account custodian on at least a quarterly basis. Quarterly position and performance reports will be provided if agreed in the client’s Advisory Agreement. *Please refer to Item 15 for further information about quarterly position and performance reports.*

Item 14: CLIENT REFERRALS & OTHER COMPENSATION

Please refer to Item 12 for information about benefits we receive from WSI and First Clearing because we recommend their services, and how we address these conflicts of interest.

WCM does not refer clients to other investment advisers.

Item 15: CUSTODY & ACCOUNT STATEMENTS

Clients will receive account statements directly from their account custodian on at least a quarterly basis showing all transactions in the account during the reporting period. Please review the custodian’s account statements carefully.

The custodian’s statements are separate from any position and performance reports we may agree to provide; our reports are not account statements. However, to the extent any reports refers to assets held by the account’s custodian, we recommend that the client compare the information in the report with the custodian’s statement. Any discrepancies should be reported promptly to our President, Philip Wunderlich, by email at pwunderlich@wundernet.com or by telephone at (901) 251-1330.

Item 16: INVESTMENT DISCRETION

We require clients to grant us full authority and discretion, on the client’s behalf and at the client’s risk to buy, sell, retain and exchange investments, and exercise such other powers, as

WCM deems appropriate to manage and execute transactions for the account consistent with the Strategy selected by the client. WCM will have full discretion to adjust or change the asset classes which comprise any Strategy, the percentage which each asset class represents of each Strategy, the mutual funds or other securities comprising each asset class, and the third party, if any, that provides research, model portfolios, buy and sell signals, or other information or services used in creating or reallocating Strategies or managing accounts. WCM will also have the discretion to invest the account's assets in cash or cash equivalents, and may effect temporary "sweep" transactions of all uninvested cash balances in the account to a money market mutual fund, which may be managed by the custodian or an affiliate of the custodian.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on our discretionary authority (such as restrictions on the type of securities held in their account), such limitations must be included in the client agreement or otherwise submitted to us in writing. The client may change or amend these limitations, as desired, by written instruction to the attention of our President, Philip Wunderlich, by email at pwunderlich@wundernet.com, <mailto:suzannesja@cs.com> by telephone at (901) 251-1330, or by mail to the address shown on the cover page of this Brochure. All grants of discretionary authority must be in writing.

ITEM 17: VOTING CLIENT SECURITIES

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third party materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

Clients may obtain proxy materials directly by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, clients may contact us by email to Philip Wunderlich at pwunderlich@wundernet.com, or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent to Philip Wunderlich by email at pwunderlich@wundernet.com, or by telephone at (901) 251-1330, or by mail to the address shown on the cover page of this Brochure.

Item 18: FINANCIAL INFORMATION

A. Prepayment of More Than \$500 in Fees Six Months or More in Advance

Investment advisers that accept fees of more than \$500 per client, six months or more in advance are required to provide their clients an audited balance sheet.

Because we do not accept pre-paid fees exceeding \$500 per client, six months or more in advance, we have not provided a balance sheet.

B. Disclosure of Certain Financial Conditions

State-registered investment advisers with custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$500, six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

C. Bankruptcy within Past Ten Years

WCMs who have been the subject of a bankruptcy petition at any time during the past ten years must disclose certain information about the matter.

WCM has never been the subject of a bankruptcy petition.

ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

The following individuals are the principal executive officers and management persons of WCM:

- Philip S. Wunderlich, Managing Member/President/Chief Compliance Officer

Information regarding the formal education and business background for Mr. Wunderlich is provided in his respective Brochure Supplement.

WCM is not engaged in any business activity other than giving investment advice.

Neither WCM nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither WCM nor our management personnel have a relationship or arrangement with any issuer of securities.

WUNDERLICH CAPITAL MANAGEMENT, LLC

**6000 Poplar Avenue, Suite 150
Memphis, TN 38119
Telephone: (901) 251-1330**

BROCHURE SUPPLEMENT

Form ADV, Part 2B

for

PHILIP WUNDERLICH

**6000 Poplar Avenue, Suite 150
Memphis, TN 38119
(901) 251-1330**

February 7, 2012

This Brochure Supplement provides information about Philip Wunderlich that supplements the Brochure of Wunderlich Capital Management, LLC ("WCM"). You should have received a copy of WCM's Brochure.

Please contact us by email at pwunderlich@wundernet.com, by telephone at (901) 251-1330, or by mail at the address shown above if you did not receive the Brochure or if you have any questions about the contents of this Supplement.

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

Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Philip Wunderlich (born 1971), the Managing Member, President and Chief Investment Officer of Wunderlich Capital Management, has sole responsibility for the day-to-day operations of the firm and makes all portfolio investment decisions. He has broad experience within the securities industry having worked in both investment banking and equity research. Mr. Wunderlich has served as Chief Investment Strategist at WSI since June of 1998. After graduating with a B.S. degree from the McIntire School of Commerce at the University of Virginia in 1994, he joined Smith Barney's corporate finance department in New York as a financial analyst. Prior to joining WSI, Mr. Wunderlich was an analyst in the equity research department at J.C. Bradford & Co. in Nashville. Mr. Wunderlich has been awarded the right to use the Chartered Financial Analyst (CFA) designation by the Association for Investment Management and Research (AIMR).

Year of Birth

1971

Business Experience

Managing Member, President & CCO Wunderlich Capital Management, LLC	1999 to present
Chief Investment Strategist Registered Representative Investment Adviser Representative Wunderlich Securities, Inc.	1998 to present
Equity Research Analyst J.C. Bradford & Co.	1996 to 1998
Financial Analyst Smith Barney	1994 to 1995

Education

McIntire School of Commerce
University of Virginia
Bachelor of Science, Finance (1994)

Professional Designation

Chartered Financial Analyst (CFA)
The CFA Institute (1999)

CFA, Chartered Financial Analyst. According to the CFA Institute, to be awarded the CFA charter, a candidate must have four years of qualified investment experience, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis and complete the CFA Program. The CFA Program is organized into three levels, covering accounting, economics, ethics, equity analysis, fixed income analysis, portfolio management, and statistics, with each level culminating in a six-hour exam.

Item 3: DISCIPLINARY INFORMATION

Mr. Wunderlich does not have any history of disciplinary events.

Item 4: OTHER BUSINESS ACTIVITIES

Mr. Wunderlich is the Managing Member, President, and Chief Investment Officer of Wunderlich Capital Management, LLC, an SEC-registered investment adviser. Mr. Wunderlich has sole responsibility for the day-to-day operations of the firm and makes all portfolio investment decisions.

Mr. Wunderlich serves as the Chief Investment Strategist for Wunderlich Securities, Inc. ("WSI"), a broker-dealer and investment adviser registered with the United States Securities and Exchange Commission and member FINRA. Mr. Wunderlich is also registered as an investment adviser representative and general securities representative of WSI.

WSI's parent company, Wunderlich Investment Company, Inc. ("WIC"), owns 20% of WCM.

Mr. Wunderlich devotes approximately 80% of his business time to investment -related activities on behalf of WCM, approximately 15% of his business time to his duties as Chief Investment Strategist for WSI, and approximately 5% of his time acting as a general securities representative for WSI.

When effecting the purchase or sale of securities for WCM client accounts, Mr. Wunderlich may also be acting in his capacity as a registered representative of WSI.

WSI, WCM, and Mr. Wunderlich are parties to various business and economic arrangements which could influence Mr. Wunderlich to recommend WSI and First Clearing to clients and to encourage clients to maintain their accounts with WSI and First Clearing. These incentives could also affect whether accounts receive best execution for particular transactions.

Item 5: ADDITIONAL COMPENSATION

Mr. Wunderlich is not a party to any arrangement whereby someone who is not a client provides an economic benefit directly to him for providing advisory services to clients. However, as the principal owner of WCM, Mr. Wunderlich does receive indirect economic benefit from the services and support WCM receives from WSI and First Clearing, as described in Item 12 of the Brochure.

While there is no direct linkage between Mr. Wunderlich's investment advice to clients and these arrangements with WSI and First Clearing, the services and other economic benefits WCM receives from WSI and First Clearing would likely not be received if he did not recommend WSI's and First Clearing's services. By receiving services and other benefits from WSI and First Clearing, WCM does not have to produce or pay the costs of acquiring these services from other sources, thereby contributing to the firm's overall profitability. Consequently, a conflict exists between the interest of WCM (and, indirectly, Mr. Wunderlich) in continuing to receive such services and benefits, and the interests of clients in seeking the lowest cost and most favorable execution of their transactions.

Item 6: SUPERVISION

Name, Title, and Telephone of Supervisor: Philip Wunderlich, President (901) 251-1330

As President of WCM (as well as its principal owner), Mr. Wunderlich is responsible for formulating, monitoring, and supervising the investment advisory services provided to clients. Mr. Wunderlich reviews and oversees all material investment policy changes and conducts reviews to ensure that client objectives and mandates are being met.

Item 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Mr. Wunderlich has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.