

FORM ADV 2A

COVER PAGE

Kanawha Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Kanawha Capital Management, LLC ("Kanawha"). If you have any questions about the contents of this brochure, please contact us at 804-359-3900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Kanawha is registered with the SEC. However, this registration, while required by law, does not indicate any established or set level of skill or training on our part.

MATERIAL CHANGES

This section discusses material changes to this Form ADV Part 2A disclosure document during the year prior to our last annual update to this brochure dated March of 2016, as well as subsequent material changes after that date to the present. In September of 2015, our majority owner, WealthTrust, LLC restructured its ownership and is now principally owned by Affiliated Wealth Partners Holdings, LLC and by LEP Realization Feeder, LP through intermediaries. Also, as a result, the following additional firms are now affiliated with Kanawha based on a common ownership interest through WealthTrust, LLC: GFS Advisors, LLC, Leonetti & Associates, LLC, Miller-Green Financial Services, LLC, SMH Capital Advisors, LLC, The Rikoon Group, LLC, Edelman Financial Services, LLC, Sanders Morris Harris, LLC, Global Financial Services, LLC, The Dickenson Group, LLC, and HWG Insurance Agency, Inc. However, Kanawha does not have a relationship or arrangement with any of these affiliated firms which is material to our business or to our clients. Please refer to the section on Other Financial Industry Affiliations and Activities in this document for more information on our affiliations.

Subsequent to March of 2016, the following senior level personnel changes have taken place:

Kevin S. Seay joined Kanawha Capital Management in July 2016 as a Managing Director and Portfolio Manager. Mr. Seay serves on the firm's Investment Committee.

Charles K. Fox retired from Kanawha Capital Management effective 12/31/2016. Mr. Fox had been a Managing Director and Portfolio Manager. He was also a member of the firm's Investment Committee. Mr. Fox has entered into a written solicitor's agreement with Kanawha effective 1/1/2017 whereby he may refer potential clients to us in exchange for a solicitor fee (see the Client Referrals and Other Compensation section of this brochure).

TABLE OF CONTENTS

	Page
Advisory Business -----	4
Fees and Compensation -----	5
Performance-Based Fees and Side-By-Side Management -----	6
Types of Clients -----	6
Methods of Analysis, Investment Strategies, and Risk of Loss -----	7
Disciplinary History -----	7
Other Financial Industry Activities and Affiliations -----	7
Code of Ethics, Participation or interest in Client Transactions and Personal Trading -----	8
Brokerage Practices -----	9
Review of Accounts -----	13
Client Referrals and Other Compensation -----	13
Custody -----	15
Investment Discretion -----	15
Voting Client Securities -----	15
Financial Information -----	16

ADVISORY BUSINESS

Kanawha has been in business since 1989. We provide our clients with investment management services consisting primarily of discretionary asset management through the use of equity, fixed income and balanced (between equity securities such as stocks and fixed income securities such as municipal or government bonds) portfolios. We also provide non-discretionary investment management services under which we provide investment advice to the client as to the investment or reinvestment of assets with the client being responsible for acceptance and implementation of the advice.

Our services and processes are designed to determine and address each client's specific investment needs through regular meetings and communication with the client as to their investment circumstances, objectives, time horizon, expectations, and risk tolerance. You may place restrictions on our investment authority as outlined in the Investment Discretion section of this brochure.

We do not provide legal, tax or accounting advice or services and you should not assume that we are providing you such services at any time. Also, you should understand that, generally speaking, securities or other investments for which we provide advice to you are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency and that neither Kanawha nor any of its affiliated companies is a trust or banking institution.

Kanawha has entered into "wrap fee" arrangements with the following unaffiliated firms which sponsor such arrangements: UBS Financial Services, Inc. (MAC program); Morgan Stanley Smith Barney (IMS Fee + Fee program); Wells Fargo Advisers (Network program); and RBC Wealth Management (Managed Account program). Under a wrap fee arrangement, a brokerage firm may recommend retention of Kanawha to manage all or a portion of your assets; pay us our fee for our services; monitor and evaluate our services in managing your assets; execute securities transactions which we implement on your behalf; and provide you with custodial services for your assets, or the brokerage firm may provide any combination of these services, for a set fee to be paid by you to the brokerage firm. Under a wrap fee arrangement, your assets would be managed by us in the same manner as assets managed for our clients not in a wrap fee arrangement. This type of relationship would still be subject to your particular investment needs and objectives; however, we may have limited or minimal contact with you as the brokerage firm maintains the direct and primary contact with you. You should understand that, depending upon the amount of the wrap fee the brokerage firm charges, the number of securities transactions in your account, and the value of custodial or other services you will receive under the arrangement, that the amount of the wrap fee may be more or less than the total cost for such services if you obtained them separately. Therefore, such arrangements may not be suitable for all clients based on the client's individual financial circumstances and investment goals. We may also have a financial incentive to recommend wrap arrangements to a client over other programs and services. You can find more specific information on each wrap fee arrangement in the Wrap Fee Program Brochure which should be available to you from the wrap fee arrangement sponsor. Kanawha does not act as a sponsor of any wrap fee arrangements.

The principal owner of Kanawha is WealthTrust, LLC. The principal owners of WealthTrust, LLC are Affiliated Wealth Partners Holdings, LLC and LEP Realization Feeder, LP through intermediaries. The amount of client assets we manage on a discretionary basis as of December 31, 2015 is \$720,058,643 and the amount of client assets we manage on a non-discretionary basis as of December 31, 2015 is \$49,080,519.

FEES AND COMPENSATION

Kanawha is typically compensated for its investment advisory services by charging you a management fee based on the market value of your assets under our management. Our standard fee schedule is outlined below:

First \$1,000,000 of assets 1% per annum

Next \$4,000,000 of assets .75% per annum

Assets above \$5,000,000 .50% per annum

Fees are billed quarterly in advance based upon the market value of the assets at the end of the preceding quarter. If your relationship with us begins or ends during a calendar quarter, the fee will be prorated for the appropriate number of days completed or remaining in the quarter. Where applicable, you will be issued a refund for the portion of your quarterly fee paid in advance which was unearned.

We charge a minimum fee of \$5,000.

We may negotiate the amount of your fee depending upon circumstances including but not limited to account composition and complexity, as well as other client or family relationships at Kanawha. This may result in different fees being charged by us for client accounts that are similar in composition and objectives. In isolated cases, some clients pay a fixed fee for our investment management services. Our employees and their family related accounts may be charged a reduced fee, or no fee, for our services.

You may pay your fee directly to us upon receipt of our invoice, or you may authorize your custodian to allow us to directly debit our fee from your account or accounts. If you choose the latter method, your custodian will not confirm our fee but will pay the fee amount communicated by us and remit the fee directly to Kanawha. You will receive a periodic statement from your custodian which will show the amount of the fee which has been sent to us. You should confirm the accuracy of our fee calculation upon receipt of your custodian's statement.

The fees you pay us do not include brokerage commissions or other fees or charges associated with securities transactions implemented with or through a brokerage firm, mark-ups or mark-downs in principal transactions, deferred sales charges, stock exchange fees, wire transfer or related processing fees, transfer taxes or other charges mandated by law or regulation. All of these will be charged to you

in addition to our fee. We do not receive any portion of the foregoing expenses or fees. You should go to the section on Brokerage Practices in our brochure for more information on how we select or recommend brokerage firms for your securities transactions.

You should understand that mutual funds, including exchange traded funds, in which your assets are invested by us or by others, impose separate investment management fees and other operating expenses, described in the fund's prospectus, for which you, the client, will be charged separately from the fee paid to us for our services.

As we discussed in the section on Advisory Services in our brochure, we may be retained under "wrap fee" arrangements with certain firms where you pay the brokerage firm an agreed upon fee for investment management by Kanawha, brokerage commissions, custodial services, and possibly consulting services. We receive a portion of the "wrap fee" you pay the brokerage firm for our services. Our portion of the fee generally ranges from .5% to 1.00% of your assets managed by us depending upon our arrangement with the firm which sponsors the "wrap fee" arrangement.

Kanawha may also perform a financial planning analysis for a client for a flat fee of \$1,000 payable in advance. This amount is then deducted from our management fee in the event the client enters into an investment management arrangement with us.

Clients should be aware that similar or comparable services may be available from other firms including other investment management firms at a cost higher or lower than that available through us.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This section does not apply to Kanawha Capital Management, LLC.

TYPES OF CLIENTS

Our clients include individual persons, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or similar business entities. Generally, our minimum account size is \$500,000 although this may be waived based on considerations such as the account's relationship to established clients or other factors.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

We use several methods of investment analysis and various investment strategies to provide services to our clients. Our methods of investment analysis include charting which is the use of financial charts and graphs; fundamental analysis which is the analysis of a company's financial statements, its management, competitive advantages, markets, etc.; technical analysis which is the analysis of a company by studying past market data such as price and volume; and cyclical analysis which involves the buying and selling of investments when certain financial ratios are low or high. Our investment strategies include long term purchases (securities generally held for at least a year) and short term purchases (securities generally held for less than a year).

One of our allocation strategies may involve the frequent trading of securities which can impact the overall performance of your investments as a result of greater brokerage and related costs. These strategies may also produce short term capital gains and losses.

The securities we use in our investment strategies and investment advice include equity securities such as exchange listed securities; securities traded over the counter and foreign issues; warrants; debt securities of corporations and similar entities; certificates of deposit; municipal and government securities; and investment company securities such as mutual fund shares including exchange traded funds.

Investing in securities such as the types of securities used by us in managing your assets or providing you investment advice involves the potential risk of loss in the value of the securities both in the amount invested as well as any profits which have not been realized by selling the securities. You should be prepared to bear the risk of such losses. The degree of risk depends upon the type of security or strategy involved.

DISCIPLINARY HISTORY

This section does not apply to Kanawha Capital Management, LLC or any of its employees.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following firms are affiliated with Kanawha based on a common ownership interest through our majority owner, WealthTrust, LLC:

Delta Asset Management, LLC – investment adviser

Dunker Streett & Co., LLC – investment adviser

Harvey Investment Company, LLC – investment adviser

Wilbanks, Smith & Thomas Asset Management, LLC – investment adviser

WealthTrust Arizona, LLC – investment adviser

WealthTrust Axiom, LLC – investment adviser
WealthTrust Fairport, LLC – investment adviser
GFS Advisors, LLC – investment adviser
Leonetti & Associates, LLC – investment adviser
Miller-Green Financial Services, LLC – investment adviser
SMH Capital Advisors, LLC – investment adviser
The Rikoon Group, LLC – investment adviser
Edelman Financial Services, LLC – investment adviser
Sanders Morris Harris, LLC – investment adviser and broker dealer
Global Financial Services, LLC – broker dealer
The Dickenson Group, LLC - insurance
HWG Insurance Agency, Inc. - insurance

However, Kanawha does not have a relationship or arrangement with any of these affiliated firms which is material to our business or to our clients.

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

Kanawha has adopted a written Code of Ethics under which all our full time employees are generally restricted from effecting transactions in securities for their personal accounts, absent written pre-approval, in order to seek to avoid conflicts of interest with transactions being effected in client accounts. Our employees may buy or sell the same securities that we recommend that our clients invest in or that we purchase or sell on our clients' behalf. This presents a conflict of interest between our employees' own financial interest and the best interest of our clients. We have addressed this conflict of interest by imposing trading restrictions under our Code of Ethics. This includes restrictions on our employees' personal trading based upon investment activity occurring in, or being contemplated for, our clients' accounts. For example, employees wishing to trade in Focus List securities (Kanawha's list of stocks approved by the Investment Committee for holding in client accounts) must first obtain clearance from the trading desk. Clearance will not be granted if there was any client activity in the security that day. If clearance is granted, the trade may then be entered by the employee only during a certain period at the end of the trading day.

Pre-approval must also be obtained by employees before investing in initial public offerings of securities and before investing in a private placement of securities. Our employees are required to submit quarterly reports relating to their personal transactions and an annual report of their personal securities holdings to us. Our Code of Ethics also contains policies and procedures which are intended to prevent the misuse of material non-public information. A copy of our Code of Ethics is available to you upon request by contacting us through the contact information provided on the Cover Page of this brochure.

BROKERAGE PRACTICES

We seek to select or recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)

Capability to execute, clear and settle trades (buy and sell securities for your account)

Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.

Availability of investment research and tools that assist us in making investment decisions

Quality of services

Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them

Reputation, financial strength and stability of the provider

Their prior service to us and our other clients

Availability of other products and services that benefit us, as discussed below.

We have established an Execution Quality Committee which periodically reviews our brokerage practices and the reasonableness of compensation or other remuneration paid to brokerage firms and monitors our efforts to seek best execution of client transactions.

Research and Other Soft Dollar Benefits: Where more than one brokerage firm may satisfy our criteria, preference may be given to brokerage firms which provide us with certain brokerage and research services and products as allowed by law under Section 28(e) of the Securities Exchange Act of 1934. In these instances, Kanawha may use brokerage firms to execute client transactions even though the commissions or similar costs for particular transactions may be higher than the commissions or costs incurred by using another brokerage firm which does not provide Kanawha with these brokerage and research services or products. Payments to brokerage firms for these services through commission revenue rather than direct cash payments are referred to as “soft dollars”. Under these circumstances, we will make a good faith determination that the amount of commission is reasonable in relation to the

value of the brokerage and research services or products provided by the brokerage firm(s) which we consider to be a significant benefit to our clients. We use these brokerage and research services and products to benefit all of our clients' accounts not just those whose transactions paid for the services.

The brokerage and research services or products received by us under the arrangement described above include:

Data used to analyze investment securities (The Applied Finance Group) through Schwab Advisor Services.

Some of the brokerage and research services or products received by us may have other uses such as in client presentations, marketing, or other administrative uses. If that is the case, we will make a good faith allocation as to the percentage of the service or product used for brokerage and research services and the percentage used for such other purposes. The percentage attributed to such other purposes will be paid for directly by us in "hard dollars" as a cash expense of Kanawha. Since "hard dollar" costs are a direct expense of ours, there is a conflict of interest in our determination of the appropriate allocation between "soft dollar" and "hard dollar" use of the brokerage and research services or products. We address this conflict of interest through the use of our Execution Quality Committee as described above.

In addition to providing Kanawha with soft dollar benefits for research services as described above, Schwab Advisor Services may also provide us with direct client benefits to help us manage and further develop our business enterprise.

Our use of client brokerage commissions or similar costs for transactions or our receipt of direct client benefits expense to obtain brokerage or research services and products presents a conflict of interest to us because we do not have to internally produce the service or product or purchase it directly elsewhere. This also means that we will have a financial incentive to select or recommend brokerage firms which provide us such brokerage and research services or products rather than based on a consideration of the lowest commission cost to our clients. To address these conflicts, Kanawha has a commission review process in place to monitor the reasonableness of commission rates used to obtain brokerage and research services and products described above. This review is conducted during meetings of our Execution Quality Committee.

Charles Schwab & Co., Inc.: We may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC, to maintain custody of their assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Kanawha is independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services, and are not otherwise

contingent upon our committing to Schwab any specific amount of business such as assets in custody or trading commissions. Schwab's services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders such as our clients through commissions and other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts maintained by our clients.

Schwab Advisor Services also makes available to us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab Advisor Services.

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

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange, and/or pay independent third-party vendors for these types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Advisor Services may also provide other benefits to our employees such as educational events or occasional business entertainment. While as a fiduciary Kanawha endeavors to act in its client's best interest, our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a conflict of interest since our recommendation that our clients maintain accounts at Schwab may be based in part on the availability to Kanawha of all or some of the products or services described above. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that only benefit us.

Directed Brokerage: We will execute transactions through a particular brokerage firm as a result of your decision to direct us to do so or as a result of your decision to participate in a "wrap fee" arrangement in which case trades are generally executed through the brokerage firm with which you have entered into

the “wrap fee” arrangement. In this situation, you will be responsible for negotiating the commission rates you pay. You should be aware that our inability to negotiate commissions and obtain volume discounts may result in our inability to achieve best execution for transactions in your account(s). As a result, transactions in accounts directed by you to a particular brokerage firm may result in higher commissions, greater spreads or less favorable net prices than would be the case if we were authorized to choose the brokerage firm through which to execute transactions for your account(s).

You should also be aware that there may exist disparities in commission charges for similar transactions in accounts of different clients of ours and that there is a conflict of interest arising from such directed brokerage practices. You should be aware that transactions for accounts which we have been instructed by you, or by the brokerage firm in the event of a wrap fee arrangement, to direct to a specified brokerage firm may be placed subsequent to transactions we enter for client accounts where we determine the brokerage firm through which to execute transactions for clients. This may result in less favorable execution for those accounts where we have been instructed by you to direct to a specified brokerage firm for execution.

You should be aware that you have brokerage options which you should consider other than instructing us to direct your transactions to a particular brokerage firm. These may include other brokerage firms we determine to use for execution of client transactions, possibly at a lower commission cost to you. This option may be available through us.

Blocked Transactions: We may group or block orders from time to time for the same security for more than one client account in order to more effectively execute orders. This is what is known as a “block transaction”. This process can create trading efficiencies, prompt attention to the order, and improved price execution since the block transaction may be executed at various prices but averaged as to price. Therefore, clients whose transactions are part of the block transaction will receive the same average price and trading costs. When such block transactions are not fully executed, we will seek to allocate the executed portion of the block transaction on a basis which we consider fair to our clients over time. Generally, this will mean a pro rata allocation or allocation on a rotational basis, although we may, in certain circumstances, allocate purchases or sales on some other basis, after consideration of factors such as taxability of the account, cash available for investment, asset mix of the account, objectives and restrictions of the account, company and industry concentrations, broker designations specified by the client, size of the execution versus the total order size, and partial positions versus full positions.

Cross Transactions: We may, from time to time, buy or sell securities from one client account managed by us to another client account managed by us, referred to as a “cross transaction”. We will initiate cross transactions only when we have a reasonable belief that our obligation to seek best execution can be satisfied for all clients involved in the transaction and subject to all requirements for these transactions. We receive no transaction based fee or commission from these transactions.

Trade Errors: Errors in executing client transactions may occur from time to time which we will seek to correct on a timely basis so that you will not incur a loss or other costs as a result of any such errors. Any loss or costs incurred as a result of the correction of such errors will be borne by us or by your broker/custodian while any market gains that may result from the correction of such errors will usually be retained by you or your broker/custodian.

REVIEW OF ACCOUNTS

Our clients' accounts are reviewed on a continuous basis by the individual portfolio manager with primary responsibility for the particular account and on an annual basis by our Investment Committee. Our Investment Committee includes all of our portfolio managers: Bates Chappell, Managing Director; Richard Williford, Managing Director; Christopher Singleton, Managing Director; Thomas Garner, Managing Director; and Kevin Seay, Managing Director. Factors which may trigger more frequent reviews include a change in client investment objectives or circumstances, such as retirement or a large contribution or withdrawal to or from an account, significant developments or events specific to a particular security held in the account, or significant market, economic or political developments.

We will provide you written reports concerning your account(s) with us on at least a quarterly basis. These quarterly reports will include details such as the cost basis, market value, and income yield for each security as well as the current and historical performance for the account. The report you receive from us will track all activity including income earned, contributions, withdrawals, and capital gains. An invoice for our quarterly fee is also mailed to clients. If you are involved in a wrap fee arrangement as described in the section on Advisory Business, you may receive a report including those assets of yours for which we are providing services directly from the brokerage firm which created the wrap fee arrangement. You should receive written reports directly from your custodian concerning your account(s) which generally contain information relating to all transactions and other account activity.

CLIENT REFERRALS AND OTHER COMPENSATION

We may from time to time enter into written agreements with other persons or companies who refer potential clients to us in exchange for a referral or solicitor fee which is typically a percentage of the fee we receive from the referred client for our services. This means that the persons or companies who refer potential clients to us as described will have a financial interest in your selecting us to provide you services. If you are referred to us through an arrangement like this, you will receive a written document which will disclose that we have an arrangement with the solicitor, any affiliation between the solicitor and us and a description of the compensation the solicitor will receive from us if you establish an account with Kanawha. The fee we charge you for our services will not be increased as a result of our use of these referral arrangements.

We currently have an arrangement as described above with Charles K. Fox, a retired Managing Director and Portfolio Manager of Kanawha. Mr. Fox receives a solicitor fee during the first two years of a new client relationship referred to Kanawha by him.

Charles Schwab & Co., Inc.: We receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network® (the "Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a brokerage firm independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of your assets or any of our other advice or services. We pay Schwab fees to receive client referrals through the Service. Schwab has established a Focused Compliance Review program for participant firms in the Schwab Advisor Network including Kanawha. This program, administered by National Regulatory Services (NRS), is intended to assess policies and procedures related to the safeguarding of client assets. The cost of this compliance review may be shared between Schwab and Kanawha, or paid entirely by Kanawha. Our participation in the Service may raise conflicts of interest as described below.

We pay Schwab a Participation Fee on all referred client accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all client accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid is a percentage of the fees the client pays us or a percentage for the value of the assets in your account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is charged to us quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by us and not by you. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar accounts with us who were not referred to us through the Service.

We generally pay Schwab a Non-Schwab Custody Fee if custody or a referred client's account is not maintained by, or assets in your account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision to not maintain custody at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally pay in a single year. Thus, we will have an incentive to recommend that your accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in the accounts of our clients who were referred by Schwab as well as those referred clients' family members living in the same household. Thus, we will have an incentive to encourage household members of our clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from your account.

Clients of ours who maintain custody of their accounts at Schwab will not be charged separately for custody. Schwab receives compensation from our clients in the form of commissions or through transaction related compensation on securities transactions executed through Schwab. Schwab may receive a fee (generally lower than the commissions on transactions it executes) for clearance and settlement of transactions executed through brokerage firms other than Schwab. Schwab's fees for transactions executed at other brokerage firms are in addition to the other brokerage firm's fee. Thus,

we may have an incentive to cause transactions to be executed through Schwab rather than through another brokerage firm although we understand we have a duty to seek best execution of our clients' transactions. Transactions for client accounts maintained in custody at Schwab may be executed at different times and different prices than transactions in client accounts that are executed at other brokerage firms.

We may also compensate our employees, including our portfolio managers, who refer potential clients to us for our services. Thus, the employee will have a financial interest in the selection of Kanawha by the client for investment management services.

Please refer to the section on Brokerage Practices in our brochure for information on other economic benefits we may receive for providing services to you.

CUSTODY

In addition to any account statements you may receive from us, you will receive account statements directly from your custodian on at least a quarterly basis, although you may receive them on a monthly basis. You should carefully review these statements and compare these statements to statements you receive from us for any discrepancies. You should also remember that the statements you receive from your custodian are your official record of your accounts and assets for tax purposes.

INVESTMENT DISCRETION

We will accept discretionary investment authority over your assets if you agree to such an arrangement. This is typically accomplished through the execution of a limited trading authority or similar written authority contained in your client agreement with us or through similar authority contained in a wrap fee arrangement you may execute with the brokerage firm which established the wrap fee arrangement. When executing your client agreement with us, you can further limit the extent of discretionary investment authority to be granted to us although this may impact the level of services we can provide you. You may also place restrictions on our authority such as instructions not to make investments in certain industries or to not sell certain investments you may have due to possible adverse tax consequences to you.

VOTING CLIENT SECURITIES

We have policies and procedures in place for voting proxies relating to certain investments in your account(s) with us designed to result in the voting of proxies in our clients' best interests. We generally adhere to predetermined voting guidelines and will typically vote with recommendations from the management of the particular investment in your account on certain routine financial and corporate governance matters. However, we will generally vote against efforts to impose staggered election of

directors and other matters which we believe are contrary to our clients' best interests. In addition, we will generally vote against matters requiring management's action on social or moral issues. We do not vary from our guidelines due to any potential conflict of interest we may have including business or personal relationships with management or other business interests or considerations. Generally, we do not allow clients to instruct us how to vote specific proxies although we will consider such instructions upon request. You may obtain a complete copy of our policies and procedures for voting proxies and a record of how we have voted the proxies for your investments by contacting us through the contact information we included on the Cover Page of this brochure.

FINANCIAL INFORMATION

This section does not apply to Kanawha Capital Management, LLC, as we have never filed for bankruptcy nor are we subject to any financial conditions which could impair our ability to meet our obligations to you.