

BRC

INVESTMENT MANAGEMENT LLC

Part 2A of Form ADV – Firm Brochure
And
Part 2B of Form ADV – Supplement to Firm Brochure

March 30, 2012

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This brochure provides information about the qualifications and business practices of BRC Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 303-414-1100. 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. (SEC registration does not imply a certain level of skill or training - see www.adviserinfo.sec.gov for more information).

Additional information about BRC Investment Management LLC is available on the SEC's website at www.adviserinfo.sec.gov.

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Material Changes

Annual Update

BRC Investment Management LLC is providing this information as part of our annual updating amendment. This section discusses only material changes since the last annual update which most recently occurred on March 30, 2011.

Material Changes since the Last Update

There have been no material changes since the last annual updating amendment.

Full Brochure Availability

The Firm Brochure for BRC Investment Management LLC is available by contacting 303-414-1100.

Advisory Business

Firm Description

BRC Investment Management LLC (BRC) is an independent, 100% employee-owned, registered investment advisor (SEC registration does not imply a certain level of skill or training - see www.adviserinfo.sec.gov for more information). BRC specializes in the active management of U.S. equity investments. BRC was formed April 1, 2005, and holds a performance track record that began January 1, 1996.

For over 16 years, our investment philosophy and process have been directly influenced by investors' tendencies to act irrationally when confronted with issues relating to their money and investments. While much of economic theory is based on the notion that investors behave consistently and efficiently, we believe there are clear boundaries to the degree of rationality that both professional and individual investors are able to apply. The name BRC is an acronym for "Bounded Rationality Concepts," which reinforces the company's strong ties to the field of behavioral economics.

Our investment philosophy is based on the belief that future investor expectations are strongly influenced by the opinions, forecasts and announcements of perceived market experts, including Wall Street analysts and company management. By incorporating a combination of proprietary quantitative, fundamental and behavioural valuation techniques, we seek to invest in companies that are likely to be the beneficiaries of future favourable earnings announcements and upward earnings estimate revisions.

Principal Owners

John Riddle, CFA Managing Principal and Chief Investment Officer, is the principal owner of the firm holding 55%. Participating owners and managers include Mark Jaeger, CFA, CPA Principal and Head of Quantitative Analysis and Chief Compliance Officer; Sharon Ward, CFA Principal and Head of Fundamental Analysis; and David DuRie, Principal and Head of Sales and Client Service. Mr. Riddle, Mr. Jaeger and Ms. Ward represent the core members of the investment team that is responsible for research, analysis and portfolio management.

Types of Advisory Services

BRC specializes in active investment management based on a single investment philosophy and process. Our in-house investment research and proprietary quantitative models are unique to the firm. BRC offers various investment products based on this distinctive investment approach. Products are defined by standard market capitalization categories such as mega-cap, large-cap, mid-cap and small-cap U.S. equities. These advisory services involve the active management and oversight of client assets based on our client's specific investment needs and in compliance with client specific written investment guidelines.

BRC advisory services also include asset allocation recommendations and the use of non-BRC investment products to gain exposure to other asset classes. The non-BRC investment products are evaluated by members of the investment team based on cost, liquidity and suitability.

Tailored Relationships

All of BRC's investment products have detailed investment guidelines. The investment guidelines can be modified to address the specific needs of our clients. By reviewing our client's investment goals and objectives as well as their risk tolerances, BRC will make any necessary adjustments to the investment guidelines so that they better match the needs of the client. BRC will also work with clients to develop

client specific asset allocation policies and procedures. All customization related to investment guidelines and asset allocation policies are mutually approved and fully documented.

Wrap Fee Programs

BRC does not sponsor wrap fee programs. BRC does selectively participate in wrap fee programs sponsored by unaffiliated, third-party vendors. Investors can access BRC investment products through those third party programs. There are no differences between how BRC manages wrap fee accounts and how we manage other accounts. A portion of the wrap fee charged to the client by the sponsor is paid by the sponsor to BRC for our management services.

Assets Under Management

As of December 31, 2011, BRC Investment Management LLC had \$540,146,000 in discretionary assets under management. BRC currently does not manage assets on a non-discretionary basis.

Fees and Compensation

Fee Schedule

BRC's basic fees for our advisory products are described below.

Large Cap Concentrated Equities: BRC's fee scale for actively managed institutional Large Cap Concentrated Equity is: 0.75% on the first \$10 million; 0.60% on the next \$15 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; over \$100 million subject to negotiation.

Mega Cap Concentrated Equities: BRC's fee scale for actively managed institutional Mega Cap Concentrated Equity is: 0.75% on the first \$10 million; 0.60% on the next \$15 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; over \$100 million subject to negotiation.

Large Cap Concentrated - Extension (130/30) Equities: BRC's fee scale for actively managed institutional Large Cap Concentrated Extension (130/30) Equity is: 0.85% on the first \$10 million; 0.75% on the next \$15 million; 0.65% on the next \$25 million; 0.55% on the next \$50 million; over \$100 million subject to negotiation.

Mid Cap Diversified Equities: BRC's fee scale for actively managed institutional Mid Cap Diversified Equity is: 0.85% on the first \$10 million; 0.75% on the next \$15 million; 0.65% on the next \$25 million; 0.55% on the next \$50 million; over \$100 million subject to negotiation.

Small Cap Diversified Equities: BRC's fee scale for actively managed institutional Small Cap Diversified Equity is: 0.95% on the first \$10 million; 0.85% on the next \$15 million; 0.75% on the next \$25 million; 0.70% on the next \$50 million; over \$100 million subject to negotiation.

BRC's fee scale for our non-institutional high-net-worth separate account clients is: 1.00% on the first \$5 million; 0.85% on the next \$5 million; 0.75% on the next \$40 million; 0.65% on the next \$50 million; 0.50% on any amount thereafter. Our typical high-net-worth client receives broader investment advisory services, greater investment customization and more comprehensive client servicing than our typical institutional client and consequently pays higher fees.

Where special circumstances prevail, fees are set by mutual agreement. BRC may waive or alter such advisory fees for clients participating in certain wrap fee or managed account programs.

Fee Billing

BRC's clients are typically billed for fees on a quarterly basis, either in arrears or in advance. Clients may choose to have the fee deducted directly from their custodial account, or to pay it directly to BRC. If a client paid fees quarterly in arrears and in the event that the client terminates BRC's services prior to the end of any quarterly period, fees will be charged only for the portion of the quarter in which services were rendered by BRC. If the client paid fees in advance and termination occurs during the quarter, the prorated portion of the fee not yet earned will be refunded to the client.

Other Fees

BRC does not take custody of any of our client's assets, and therefore does not collect any fees for custodial services (see Custody), but the client may incur fees charged to its account by its selected custodian. BRC is not a broker/dealer and does not receive compensation for the purchase or sale of securities, but clients will incur expenses for brokerage and other transaction costs from firms used to execute trades in the client's account (see Brokerage Practices).

Performance-Based Fees

BRC may agree to a fee based upon the performance of certain client accounts under the management of BRC instead of, or in addition to the standard advisory fee (see Fees and Compensation). A performance-based fee arrangement may create an incentive for BRC to make investments that favor the account with the performance-based fee over other accounts. BRC adheres to strict trading procedures as outlined in the Brokerage Practices section to prevent this from happening, and to ensure all accounts are treated fairly and equitably.

Types of Clients

Description

BRC provides investment advice primarily to institutional investors including U.S. and foreign corporate pension and profit sharing plans, federal, state and municipal public retirement funds, endowments, foundations, trusts, estates, charitable organizations and funds of investment companies. BRC also provides investment advice to non-institutional investors including high-net-worth individuals, estates and trusts and other specialized portfolios. BRC also provides investment advisory services through several programs sponsored by investment advisory or financial planning firms not affiliated with BRC. For more information on these relationships, see the Wrap Fee Programs sub-section of the Advisory Business section above.

Account Minimums

The minimum account size for an institutional client is \$2 million. The minimum account size for a non-institutional client is \$1 million. The minimum account size for any client in the Large Cap Concentrated Extension (130/30) strategy is \$25 million. BRC may accept or continue to provide services to smaller accounts at its discretion. BRC may also waive or alter such investment minimums for clients participating in certain wrap fee or managed account programs.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Based upon BRC's academic research, BRC has developed for our equity investment approach a proprietary computer, mathematical, and statistical model, which is utilized to identify companies that are believed to be poised for attractive relative price appreciation. BRC evaluates each company within a defined universe with respect to relative trading liquidity, price performance, security analyst behavior, earnings estimates, security valuations, surprise earnings announcements, earnings quality, and other fundamental characteristics. Once potential purchase candidates are identified, fundamental analysis is conducted by BRC's security analysts. Particular focus is applied to earnings persistence, the quality of a company's reported earnings and the relationship of the company's current stock price to a variety of proprietary valuation measures.

BRC's equity holdings within client portfolios are diversified across economic sectors in general accordance with broad market weightings. BRC utilizes risk measurement and return attribution software in order to manage closely the risks and fundamental exposures of our client's equity assets.

BRC conducts the majority of our research in-house using a variety of information including: academic research papers and reports, corporate reports and filings, corporate rating services, financial newspapers, magazines and research materials prepared by Wall Street firms and other sources. Database services include: Bloomberg, HOLT, Market QA, IBES, Compustat, etc.

Investment Strategies

BRC manages separate portfolios based on defined investment universes and performance benchmarks aimed at meeting the specific investment objectives of each client. BRC's primary investment strategies include:

Large Cap Concentrated - The investment objective is to use a combination of proprietary quantitative, fundamental and behavioral valuation techniques to identify companies that are likely to be the beneficiaries of future favorable earnings announcements and upward earnings estimate revisions. The investment universe consists of the stocks in the S&P 500 Index plus any U.S. stock with a market capitalization greater than \$5 billion. The portfolio holds between 30 and 35 securities. The appropriate benchmarks include the S&P 500 Index, S&P Barra Value Index, Russell 1000 Index and Russell 1000 Value Index. The excess return objective is greater than 300 basis points, gross of fees. The tracking error objective is approximately 4-6%. Both the excess return objective and tracking error objectives are relative to an approved benchmark over a 3-5 year period. This time horizon is relevant given that this investment process can not eliminate the possibility of negative random events driving performance for short periods of time.

Mega Cap Concentrated - The investment objective is to use a combination of proprietary quantitative, fundamental and behavioral valuation techniques to identify companies that are likely to be the beneficiaries of future favorable earnings announcements and upward earnings estimate revisions. The investment universe consists of the stocks in the Russell Top 200 Index. The portfolio holds between 30 and 35 securities. The appropriate benchmarks include the Russell Top 200 Index and the Russell Top 200 Value Index. The excess return objective is greater than 200 basis points, gross of fees. The tracking error objective is approximately 3-5%. Both the excess return objective and tracking error objectives are relative to an approved benchmark over a 3-5 year period. This time horizon is relevant given that this investment process can not eliminate the possibility of negative random events driving performance for short periods of time.

Mid Cap Diversified – The investment objective is to use a combination of proprietary quantitative and behavioral valuation techniques to identify companies that are likely to be the beneficiaries of future favorable earnings announcements and upward earnings estimate revisions. Involvement of the BRC fundamental equity analysis team is minimal in these highly diversified portfolios. The investment universe consists of the stocks in the S&P 400 Index and the Russell Midcap Index with a market capitalization between \$1 billion and \$10 billion. The portfolio holds between 70 and 80 securities. The appropriate benchmarks include the S&P 400 Index and the Russell Midcap Index. The excess return objective is greater than 200 basis points, gross of fees. The tracking error objective is approximately 4-6%. Both the excess return objective and tracking error objectives are relative to an approved benchmark over a 3-5 year period. This time horizon is relevant given that this investment process can not eliminate the possibility of negative random events driving performance for short periods of time.

Small Cap Diversified – The investment objective is to use a combination of proprietary quantitative and behavioral valuation techniques to identify companies that are likely to be the beneficiaries of future favorable earnings announcements and upward earnings estimate revisions. Involvement of the BRC fundamental equity analysis team is minimal in these highly diversified portfolios. The investment universe consists of the stocks in the S&P 600 Index and the Russell 2000 Index with a current market capitalization less than \$3 billion having a weekly dollar trading volume greater than \$2 million. The portfolio holds between 140 and 160 securities. The appropriate benchmarks include the S&P 600 Index and the Russell 2000 Index. The excess return objective is greater than 250 basis points, gross of fees. The tracking error objective is approximately 4-6%. Both the excess return objective and tracking error objectives are relative to an approved benchmark over a 3-5 year period. This time horizon is relevant given that this investment process can not eliminate the possibility of negative random events driving performance for short periods of time.

BRC will also create customize investment portfolios based on the above mentioned primary strategies for select institutional investors. Examples of such customized portfolios include the BRC 130/30 Concentrated equity, BRC Large Cap Value, BRC Small Cap Value and Market Neutral Long/Short portfolios.

Risk of Loss

Although BRC makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the stock markets involves risk of loss that each client should be prepared to bear. Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which BRC invests may decline due to general weakness in the stock market or because of factors that affect a company or a particular economic sector or industry. BRC invests in U.S. equities across all capitalization ranges. Generally, companies with smaller capitalizations are more volatile, and therefore more risky, than companies with larger capitalizations. BRC employs the use of leverage and short sales in our Large Cap Concentrated 130/30 Extension product. Because of this, the inherent risks in equity investing are magnified to the extent that leverage is used. Additionally, in short positions there are theoretically no limits to losses that can be experienced since a stock price has no upper limit.

We use the following techniques to manage the various sources of risk in our investment portfolios: purchasing equal-weighted positions at cost; selecting securities from all economic sectors in order to mitigate industry-specific sources of risk; researching the fundamental characteristics of potential holdings; increasing the target number of investment positions to diversify stock specific risk as the target capitalization of the strategy decreases; and establishing minimum price and volume limits on stocks that we consider for purchase.

Disciplinary Information

Legal and Disciplinary

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. BRC and our management persons have no legal or regulatory events to report.

Other Financial Industry Activities and Affiliations

Affiliations

BRC is a 100% employee-owned, registered investment advisor. We have no affiliates

Industry Activities

BRC has been retained by 361° Capital LLC to provide investment sub-advisory services for their 361° Absolute Alpha fund (symbol AAFAX). Under the agreement, BRC provides investment management for a portion of the fund using BRC's Large Cap Concentrated Equity strategy. BRC's services for 361° Capital LLC create no conflicts of interest between BRC and our clients. BRC also provides investment advice to various Wrap sponsors. See the Wrap Fee Programs subsection.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

A Code of Ethics ("Code") has been adopted by BRC and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

The Code establishes rules of conduct for all employees of BRC and is designed to, among other things, to govern personal securities trading activities in the accounts of employee's immediate family/household accounts and accounts in which an employee has a beneficial interest. The Code is based upon the principle that BRC and our employees owe a fiduciary duty to BRC's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with BRC and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Pursuant to Section 206 of the Advisers Act, both BRC and our employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. BRC and our employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client's transactions where BRC is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

Strict compliance with the provisions of the Code are considered a basic condition of employment with BRC. A material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment with BRC. Employees are required to attest to the Code in writing annually.

A complete copy of the code of ethics can be obtained by submitting a written request to BRC.

Our employees are also required to comply with applicable federal securities laws.

Participation or Interest in Client Transactions

Cross transactions involve trading securities between client accounts. Principal transactions are trades between the client account and the managing firm. BRC is not a broker/dealer and does not engage in any cross or principal transactions in our client's accounts.

Personal Trading

BRC, as a policy, does not own any securities. BRC's employees may acquire, hold or dispose of the same investments for their own accounts as are held or to be purchased or sold for a client's account. BRC's Code of Ethics contains rules, policies and procedures for Personal Securities Transactions for our employees designed to prevent and detect possible conflicts of interest with clients. Compliance with the Code of Ethics for Personal Securities Transactions is a condition of employment. The following list highlights some provisions of the code.

Code of Ethics for Personal Securities Transactions

- Pre-clearance of all non-exempt purchases and sales with respect to which they are regarded as beneficial owner
- Providing BRC with duplicate copies of brokerage statements and confirmations
- Providing BRC with Initial Holdings Reports, Quarterly Transaction Reports and Annual certification and Holdings Report.

These reports are submitted to the Chief Compliance Officer and reviewed for propriety.

It is BRC's policy that no person who is a member, officer or "advisory person" of BRC shall purchase or sell any security (or any option to purchase or sell such security) in which he has, or by reason of the transaction acquires, any direct or indirect beneficial ownership and which he knows at the time of such purchase or sale is being purchased or sold or considered for purchase or sale for a client's account, unless (i) such person has no influence or control over the purchase or sale of securities in which he has or will acquire a beneficial interest; (ii) such purchase or sale is non-volitional on the part of such person or the clients; (iii) the transaction for such person is a purchase under an automatic dividend reinvestment plan or pursuant to the exercise of rights issues, pro-rata to such person and other holders of the same class of the issuer's securities; (iv) and such person has obtained in advance approval from

one of the members of BRC authorized to grant such approval when the circumstances indicate no reasonable likelihood of harm to the client and does not violate applicable laws and regulations.

Brokerage Practices

Selecting Brokerage Firms

Generally, in the absence of specific written instructions from a client, BRC determines the broker through whom securities transactions are to be executed. It is BRC's policy to seek the best execution available with respect to each transaction, in light of the overall quality of brokerage and research services provided to it or its clients. Best execution is not limited to obtaining the lowest commissions but involves seeking the most favorable terms for a transaction reasonably under the circumstances. In selecting brokers for portfolio transactions, BRC considers, without limitation, the overall direct net economic results to an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to BRC and the financial strength and stability of the broker. Receipt of products or services other than brokerage or research is not a factor in allocating brokerage.

Soft Dollars

Each year, BRC considers the amount and nature of research and research services provided by brokers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its clients on the basis of that consideration. The actual allocation of brokerage business may vary from year to year, depending on BRC's evaluations of all applicable considerations. In no case will BRC make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), BRC may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transactions in recognition of the value of the brokerage and research services provided by or through the broker. BRC believes it is important to its investment decision-making processes to have access to independent research. Research furnished by brokers may be used to service any or all of BRC's clients and may be used in connection with accounts other than those making the payment to the broker providing the research. When BRC uses client brokerage commissions to obtain research products and services, we receive a benefit because we do not have to produce or pay for the research products and services. BRC may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research products and services, rather than on clients' interests in receiving the most favorable execution.

Brokerage and research services provided by brokers include effecting securities transactions and performing services incidental thereto including clearance, settlement, and custody, and providing information regarding: the economy; industries; sectors of securities; individual companies; statistical information; taxation; political developments; legal developments; technical market action; pricing and appraisal services; credit analysis; risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

In addition, research services include access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists and government

representatives. In some cases, research services are generated by third parties but are provided to BRC by or through brokers. Such brokers may pay for all or a portion of computer software costs relating to the pricing of securities. BRC uses a variety of securities quotation hardware and software for day-to-day portfolio management of its accounts and also for pricing for its portfolio accounting needs. Most of the services include additional statistics, analytical tools and news used solely for portfolio management purposes. In addition, BRC employs a proxy tracking and voting service to assist in its proxy voting and reporting responsibilities on behalf of clients. Where BRC itself receives both non-research (administrative or accounting) and research benefits from the services provided by brokers, it makes a good faith allocation between the non-research and research portion of the services received and will pay directly for the non-research portion. In making good faith allocations between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of BRC's allocation of the costs of such services and benefits between those that primarily benefit BRC and those that primarily benefit its clients. BRC addresses this conflict by documenting a reasonable allocation between eligible and ineligible uses and keeping adequate books and records concerning allocations to enable us to make the required good faith determination of the reasonableness of the commissions in relation to the value of brokerage and research services.

Directed Brokerage

BRC will accept in writing direction from clients regarding the brokers to be used. Clients may have existing arrangements permitting them to offset certain administration, accounting, custody, consultant, or other fees in relation to the amount of brokerage transactions handled by a specific broker.

Nevertheless, in following the client's direction to use a particular broker to execute either all or part of the brokerage transactions, clients must be aware that, in so doing, they should consider whether such a designation may result in certain costs or disadvantages to the client, either because client may pay higher commissions than might otherwise be obtainable by BRC or receive less favorable net prices and executions on some transactions, or both.

In addition, clients' direction may adversely affect BRC's ability to, among other things, obtain volume discounts on bunched orders and/or achieve best execution. When effecting bunched orders, BRC attempts to include transactions of clients who have directed the use of a particular broker in the bunched order. In such transactions the executing broker must agree to transfer that portion of a bunched order relating to a client who has directed the use of a particular broker to the broker specified by the client. If the executing broker does not agree to make this transfer, the order for the same security on behalf of a client who has directed the use of a particular broker will be executed through the specified broker, and the cost of the transaction may be greater.

Wrap Fee Brokerage

A wrap fee sponsor may recommend the retention of BRC as investment adviser, monitor and evaluate BRC's performance, execute the client's portfolio transactions without commission charge, and provide custodial services for the client's assets, or provide any combination of these or other services, all for a single fee paid by the client to the sponsor. However, in evaluating such an arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by BRC. Transactions are effected without commissions. Trades are generally required to be executed only with the sponsor with whom the client has entered into the wrap fee arrangement, so that BRC may not be free to seek best price and execution by placing transactions with other brokers or dealers. In such instances, no assurance can be given that the sponsor sponsoring the wrap fee arrangement offers best price and execution. Accordingly, the client may wish to satisfy himself that the sponsor offering the wrap fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that, depending upon the level of the wrap fee charged by the sponsor, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not

exceed the aggregate cost of such services if they were to be provided separately and if BRC were free to negotiate commissions and seek best price and execution of transactions for the client's account.

Order Aggregation

BRC seeks, but is not obligated, to bunch orders for the purchase or sale of the same security for client accounts where BRC deems this to be appropriate, in the best interests of the client accounts, and consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account will participate at the average share prices for the bunched order on the same business day, and the transaction costs shall be shared pro rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated on a pro rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions such as de minimis orders, and each participating account will participate at the average share prices for the bunched order on the same business day.

Best Execution

It is BRC's policy to seek the best execution available with respect to each transaction, in light of the overall quality of brokerage and research services provided to BRC or our clients. Best execution is not limited to obtaining the lowest commissions but involves seeking the most favorable terms for a transaction reasonably under the circumstances. Receipt of products or services other than brokerage or research is not permitted and is not a factor in allocating brokerage.

Review of Accounts

Periodic Reviews

Reviews of all client accounts are performed at least quarterly (except clients participating in certain wrap fee service arrangements where reporting to clients is carried out by the Sponsor or financial adviser) and include client portfolio structure, holdings and transactions, portfolio strategies, adherence to client policy and guidelines, and comparative performance vs. benchmarks. The client satisfaction level and servicing requirements are also reviewed.

The quarterly reviews are conducted by the four owners of BRC: the Managing Principal/Chief Investment Officer, Principal/Quantitative Analysis and Chief Compliance Officer, Principal/Fundamental Analysis and Principal/Sales and Client Services. BRC may also include other members of the investment team to support the review process. Typically, Portfolio Managers have primary responsibility for no more than 20 accounts.

Review Triggers

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or political or economic environment.

Regular Reports

Standard client account reports are provided to clients (except clients participating in certain wrap fee service arrangements where reporting to clients is carried out by the Sponsor or financial adviser) on a quarterly basis and include: portfolio holdings, transactions, performance information and a brief market commentary. A hard copy of the written reports is typically mailed, or delivered by e-mail (if requested by the client), in the month following quarter end. More frequent reports may be provided upon request.

Client Referrals and Other Compensation

Referrals

BRC compensates certain individuals or entities (Solicitors) for the referral of advisory clients to BRC. As a consultant and independent contractor, and not as an employee of BRC, the Solicitor will use its best efforts to solicit and refer as clients to BRC those individuals or entities which it believes are suitable and appropriate for the investment advisory services provided by BRC. The Solicitor does not have any authority to accept any client(s) on behalf of BRC, and BRC does not have any responsibility to accept any prospective client referred by the Solicitor. Any prospective client which becomes a client of BRC as a direct result of the Solicitor's efforts is identified as a "Solicited Client". The Solicitor's primary role is to introduce and assist each Solicited Client in establishing a relationship with BRC, which will include introducing prospective clients and providing information about BRC. The solicitation services may also include periodic contacts, to update client information on behalf of BRC. The Solicitor will keep as confidential any client information obtained in connection with this agreement which will not be disclosed without the consent of the Solicited Client. For the solicitation services provided by the Solicitor, BRC will either pay a flat one-time fee for any solicited client or a percentage of all investment advisory fees received by BRC from any solicited client over a time period agreed upon in the Solicitor's Agreement with BRC. This fee is not passed on to the client.

Additional Compensation

In exchange for commissions generated by discretionary trading activity, BRC receives research services from a variety of brokerage firms. See the Brokerage Practices section of this Brochure for a description of the services and benefits BRC receives from brokerage firms.

Custody

Our clients' assets are housed in nationally recognized banks or brokerage firms, otherwise known as custodians. BRC has a limited power of attorney to place trades on the client's behalf. If authorized by the client, BRC may also have the authority to directly debit client accounts for quarterly fees, and therefore is deemed to have Custody. See the Fees and Compensation sections of this Brochure for more information on direct debiting.

Clients will receive monthly statements from their custodian. Clients should review and compare the account statements they receive from the qualified custodian with those they receive from BRC. For more information on the reports that you will be provided by us, see the Review of Accounts section.

Investment Discretion

BRC accepts discretionary authority for trading client accounts by executing a limited power of attorney with the client on behalf of the custodian. Although not common, clients may place limitations on this authority such as cash requirements or security restrictions. All restrictions must be submitted to BRC in writing.

Voting Client Securities

Proxy Votes

BRC is responsible for voting proxies for portfolio securities consistent with the best economic interest of clients. Some clients choose to retain the authority to vote their own proxies. In these cases, the client should make arrangements with the custodian for delivery of the proxy materials. Clients may contact BRC by mail or e-mail regarding questions about a particular solicitation.

The following are guidelines used to vote proxies in the absence of specific written voting guidelines from the client.

BRC generally votes:

- In the best interest of each particular client.
- All proxies from a specific issuer the same way for each client absent qualifying restrictions from a client.
- In favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditors non-audit services.
- Against proposals that cause board members to become entrenched or cause unequal voting rights.

Clients are permitted to place reasonable restrictions on BRC's voting authority in the same manner that they may place such restrictions on the actual selection of account securities, or to instruct BRC to vote a particular proxy in a certain manner. BRC will consider the opinion of management and the effect on management, and the effect on shareholder value and the issuer's business practices when reviewing proposals. BRC will also identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of BRC with the issuer of each security to determine if BRC or any of our employees has any financial, business or personal relationship with issuer and disclose to the affected clients as we feels appropriate. If a material conflict of interest exists, BRC will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation. BRC will provide a written response for information regarding proxy votes, or policies and procedures, including proxy statements, record of votes, and any material documentation used to make a decision on how to vote upon written request from the client.

Financial Information

BRC has not been the subject of a bankruptcy petition at any time since our formation, and we are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.