
Form ADV Part II
Brochure Cover Page

FSM Capital Management LLC

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This brochure provides information about the qualifications and business practices of
FSM Capital Management LLC. If you have any questions about the contents of this brochure, please
contact us

jen@fsmcap.com. The information in this brochure has not been approved or verified by the
United States Securities and Exchange Commission or by any state securities authority.

Additional information about FSM Capital Management LLC also is available on the SEC's website at
www.adviserinfo.sec.gov.

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FSM Capital Management LLC (SEC No.)**Advisory Business**

A. Fairway Sports Management, LLC doing business as FSM Capital Management, LLC (hereinafter referred to as "Advisor") since July 2007, offers personalized investment advisory services to clients. Advisor is a privately held, stand alone entity, with no subsidiaries. Advisor is a limited liability company formed under the laws of the State of Ohio. Advisor's services and fee arrangements are described in the following pages.

Principal Owners (owning more than 25% of the firm):

Terrence P. Fergus – CPA, PFS (45.5%)

David A. Lightner – CPA, CFP® practitioner (32.5%)

B. Advisor's investment advisory services include (1) Financial Planning and Consulting Services, (2) Portfolio Management services provided by Advisor with the assistance of unaffiliated third-party investment adviser firms, (3) Recommendation of third-party investment adviser firms that provide Portfolio Management Services, (4) Portfolio Management Services provided by Advisor.

Advisor also provides non-advisory services in its capacity as an Accounting firm as further described later in this document.

(1.) Financial Planning and Consulting Services

Advisor provides on-going financial planning services in the form of written financial plans and financial planning consultations. Clients must execute an agreement for services prior to Advisor commencing such services.

Financial planning services may be specific or modular in their preparation (unique to each client in their depth of preparation). Financial planning services may take into consideration factors such as the client's objectives, risks that they are willing to undertake, investment knowledge, net worth, income, age, projected retirement, unusual or material funding requirements, inheritance possibilities, pensions, social security, children/relative funding issues, estate issues, and living expenses expressed in today's dollars requested for retirement. Financial planning services may focus on specific topics such as (but not necessarily limited to):

- ☐ tax compliance and consulting;
- ☐ estate planning, retirement and cash flow planning;
- ☐ risk assessment and planning;
- ☐ debt planning;
- ☐ negotiation;
- ☐ insurance advice and planning
- ☐ coordination of U.S. bill paying services; and
- ☐ preparation of U.S. federal, state and local tax returns during the term of the relationship;

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12.7 Portfolio Management Services Provided by Advisor with Assistance of Unaffiliated Third Party Investment Adviser Firms

Advisor has entered into a purchase relationship with MAI Wealth Advisors (MAI) whereby a portion of MAI clients were transferred to Advisor. Through this relationship, MAI shall act as a co-advisor on these accounts. MAI is provided discretionary trading authorization on the account and provides on-going supervision and management services. Advisor shall also provide on-going supervision and management services on the account. MAI maintains trading authorization over the accounts. Accounts through this program are held and cleared through National Financial Services, LLC (NFS) through a relationship between MAI and NFS.

Annual fees for this service are billed based on varying percentage of the client's assets, usually between 0.5% and 1.0%. Advisor then pays a portion of the fee collected to MAI, usually ranging between 0.3% to 0.5% of the fee collected on the assets by Advisor. Fees are generally deducted directly from the client's account. Clients must provide written authorization to NFS permitting Advisor's fees to be paid directly from the client's account held by NFS. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

NFS will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It shall be Advisor and client's responsibility to verify the accuracy of the fee calculation and the custodian will not determine whether the fee is properly calculated.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

(3) Recommendation of Third Party Investment Advisor Firms that Provide Portfolio Management Services

Advisor has developed a relationship with Ancora Advisors whereby Advisor acts as an introducing advisor and refers clients to Ancora Advisor for its portfolio management services. As a result, Advisor is paid a portion of the fee charged and collected by Ancora Advisors in the form of solicitor fees or consulting fees. The solicitation arrangement with Ancora Advisors is performed pursuant to a written solicitation agreement and is in compliance with applicable state and federal laws governing paid-solicitor relationships.

Annual fees for this service are billed based on varying percentage of the client's assets, usually between 0.5% and 1.0%. Advisor then pays a portion of the fee collected to Ancora, usually ranging between 0.3% to 0.5% of the fee collected on the assets by Advisor. Fees are generally deducted directly from the client's account. Clients must provide written authorization to Pershing permitting Advisor's fees to be paid directly from the client's account held by Pershing. Upon discretion of

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Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

Advisor will assist the client with identifying the client's risk tolerance and investment objectives. Advisor will recommend Ancora Advisors in relation to the client's stated investment objectives and risk tolerance. Clients will enter into an agreement directly with Ancora Advisors.

Advisor will be available to answer questions the client may have regarding their Ancora Advisors account and act as the communication conduit between the client and Ancora Advisors. Ancora Advisors manages client accounts on a discretionary basis to determine the securities to be purchased and sold for the client. Advisor will not be provided trading authority with respect to a client's managed account with Ancora Advisors.

A complete description of Ancora Advisor's services, fee schedules and account minimums will be disclosed in its Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established.

Clients are charged for services based on a percentage of assets under management or review; generally not to exceed 2.00% annually. The 2.00% includes Advisor's fee, the third-party investment advisor's fee, and custodial/transaction charges. Clients may be charged higher fees for similar services offered by other financial institutions.

Clients are advised that one of Advisor's members, Fred DiSanto, is the President and owner of Ancora Advisors, LLC. Therefore, Mr. DiSanto receives direct economic benefit from clients being referred to Ancora Advisors. Further, Advisor may have a conflict of interest by only offering those third-party investment advisors that have agreed to pay a portion of their advisory fee to Advisor.

Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

(4) Portfolio Management Services by Advisor

Upon execution of a client agreement, Advisor provides Portfolio Management services defined as giving continuous investment advice and making investment decisions for the client based on the individual needs of the client. Through this service, Advisor offers a highly customized and individualized investment program for clients. Advisor offers portfolio management in accordance with the client's individual needs, objectives and risk tolerance. Advisor typically suggests the use of low-fee

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mutual funds, no-load mutual funds, fixed income securities, and equity securities to build diversified portfolios and other investments. Client accounts are typically managed on a non-discretionary basis, but Advisor may manage accounts on a discretionary basis when agreed upon in writing between Advisor and the client. Typically, Advisor provides services to the types of clients listed in the "Types of Clients" section.

Accounts managed by Advisor must be held at a broker/dealer or other qualified custodian selected by the client or recommended by Advisor. Advisor recommends clients establish an account at National Financial Services, Inc. (Fidelity Brokerage Services, Inc. through the Fidelity Institutional Wealth Program (collectively referred to as Fidelity)) or Pershing. Fidelity is a registered broker-dealer, member SIPC and will maintain constructive custody of all funds and securities. While Advisor recommends Fidelity and/or Pershing, clients may direct Advisor to use a broker/dealer selected by the client.

Advisor offers investment management services for a percentage of assets under management based fee which may, when agreed to in writing with the client, also cover limited financial planning services (as described in the previous section). The annual fee based on assets under management generally ranges between 0.50% and 2.00%. The annual fee is divided and charged quarterly, based on the value of the account at the end of the quarter.

Fees are generally deducted directly from the client's account. Clients must provide written authorization to the qualified custodian permitting Advisor's fees to be paid directly from the client's account held by the qualified custodian. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It shall be Advisor and client's responsibility to verify the accuracy of the fee calculation and the custodian will not determine whether the fee is properly calculated.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

The client agreement shall remain in effect until terminated by either party upon a sixty (60) day notice. However, services may be terminated within five (5) business days of executing the agreement without penalty (no fees due). After the initial five (5) business days, a pro-rated charge based on the number of days services are provided during the quarter will be made to client.

C. Advisor tailors all services to the needs of each specific client depending on the types of services rendered and client complexity as described in each section above. In discussing asset allocation and risk tolerance with Advisor, the Client may impose restrictions on investing in certain securities or types of securities. Although Advisor recommends clients to choose National Financial Services or Pershing.

the client has the flexibility to choose their custodians. This allows for our clients to maintain pre-existing banking relationships. Advisor also provides financial planning services, including but not limited to Tax Compliance, Estate Planning, and Bill-Pay. These services are explained in detail in the "Other Financial Activities" section. Clients have the opportunity to engage advisor in any or all of the services provided. Clients engaging Advisor in all of the services available require more complex overall financial planning and advising than a client receiving only investment advisory services.

D. Advisory does not participate in any wrap fee arrangements.

E. As of December 31, 2010, Advisor managed approximately \$202,546,287 in assets. Of this amount, Advisor managed \$164,636,546 on a discretionary basis, and \$37,909,742 on a non-discretionary basis. These numbers were calculated in the same methods used in calculating Assets Under Management required for Item 5.F in Part 1A.

FSM Capital Management LLC

Fees and Compensation

Fees for Financial Planning Services

Fees for financial planning services are billed on a fixed fee arrangement. Financial planning services may or may not include a bill-pay service. The exact fixed fee arrangement charged to an individual client is determined by and negotiated in consideration of such factors as the complexity of client's situation, the actual services provided, and the associated Advisor Representative providing the service. The fees range from \$10,000 to \$100,000 annually. The fixed fee arrangement is agreed upon with the client in writing.

In some cases, fees for financial planning services are billed in advance. If a client is terminated during the period for which fees were paid in advance, a pro-rated billing will be provided to the client with a refund of un-billed fees.

Fees for financial planning services are billed quarterly, with payment due upon the client's receipt of a billing statement from Advisor. Fees are generally deducted directly from the client's account. Clients must provide written authorization to the qualified custodian permitting Advisor's fees to be paid directly from the client's account held by the qualified custodian. In these instances, notice of the fee is delivered to the client via invoice or inclusion in monthly or annual statements sent to the client. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

For clients that contract for both financial planning and Advisor's Portfolio Management Services, such services may be included as part of the overall assets under management fee as described in the Portfolio Management Services section.

It should be noted that lower fees for comparable services may be available from other sources.

The client agreement shall remain in effect until terminated by either party upon a sixty (60) day notice. However, services may be terminated within five (5) business days of executing the agreement without penalty (no fees due and/or a complete refund of any fees paid in advance). After the initial five (5) business days, the client is responsible for paying fees for the time and effort expended by Advisor prior to termination. A pro-rated refund or a pro-rated charge will be made to client, depending upon the time spent by Advisor on services at the time notice of termination was received. Advisor will provide a billing statement summarizing all charges and an explanation of the pro-rated refund due to client or the pro-rated charges due from client.

Fees for Portfolio Management Services Provided by Advisor with the Assistance of Unaffiliated Third Party Investment Adviser Firms

Annual fees for this service are billed based on varying percentage of the client's assets, usually between 0.5% and 1.0%. Advisor then pays a portion of the fee collected to MAI, usually ranging between 0.3% to 0.5% of the fee collected on the assets by Advisor. The annual fee is divided and charged quarterly, based on the value of the account at the end of the quarter.

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Fees are generally deducted directly from the client's account. Clients must provide written authorization to the NFS permitting Advisor's fees to be paid directly from the client's account held by NFS. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

NFS will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It shall be Advisor and client's responsibility to verify the accuracy of the fee calculation and the custodian will not determine whether the fee is properly calculated.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Fees for Recommendation of Third Party Investment Adviser Firms that Provide Portfolio Management Services

Clients are charged for services based on a percentage of assets under management or review; generally not to exceed 2.00% annually. The 2.00% includes Advisor's fee, the third-party investment advisor's fee, and custodial/transaction charges. Clients may be charged higher fees for similar services offered by other financial institutions. The annual fee is divided and charged quarterly, based on the value of the account at the end of the quarter.

In some cases, fees for third-party investment advisors and money managers are billed in advance. If a client is terminated during the period for which fees were paid in advance, a pro-rated billing will be provided to the client with a refund of un-billed fees.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Fees for Portfolio Management Services Provided by Advisor

Advisor offers investment management services for a percentage of assets under management based fee which may, when agreed to in writing with the client, also cover limited financial planning services (as described in the previous section). The annual fee based on assets under management generally ranges between 0.50% and 0.80%. The annual fee is divided and charged quarterly based on the

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ranges between 0.50% and 2.00%. The annual fee is divided and charged quarterly, based on the value of the account at the end of the quarter.

Fees are generally deducted directly from the client's account. Clients must provide written authorization to the qualified custodian permitting Advisor's fees to be paid directly from the client's account held by the qualified custodian. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of the billing statement from Advisor.

The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It shall be Advisor and client's responsibility to verify the accuracy of the fee calculation and the custodian will not determine whether the fee is properly calculated.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Other Items to note

Supervised persons of the Advisor hold both securities licenses and insurance licenses in the state of Ohio enabling Advisor to receive commissions on the sale of securities such as variable life insurance products and annuities. The sale of such securities is not a primary source of revenue for Advisor. Such transactions occur seldom and only provided to fulfill specific individual needs of the client. Such transaction present a conflict of interest and gives Advisor and it's supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. If such transaction does occur, the conflict of interest is disclosed to the client. The client is made aware that they have the option to purchase such investment products through other brokers or agents not affiliated with Advisor. Due to the fact that these transactions are rare, advisory fees are considered separate from commissions that may be received in such a transaction, and are not adjusted.

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Performance-Based Fees and Side-By-Side Management

Advisor does not receive performance based fees.

FSM Capital Management LLC**Types of Clients**

Advisor generally provides investment advice to individuals that are considered to be high net worth. As such Individuals who are considered high net worth, often are business owners, and their estate plans incorporate complex trust structures and often charitable organizations. As such, Advisor also provides investment advice and financial planning services to those businesses, trusts, and charitable organizations.

Advisor is a professional accounting firm providing accounting, tax compliance and tax consulting services. In addition, associated persons of Advisor that provide investment advice also provide accounting services through Advisor in its capacity as an accounting firm. The Advisor's business is ranked as a percentage of total revenues (hereinafter "TR") as follows:

Tax Compliance and Consulting [37% of TR]: Tax services are provided in conjunction with Financial Planning Services, and separately for clients that do not utilize Advisor's Investment Advisory or Financial Planning Services.

Investment Advisory Services [21% of TR]: Advisor Principals David Lightner, Thomas Bertsch, and Timothy Carneval split their time between Investment Advisory Services and Financial Planning Services 60%/40% respectively.

Accounting and Bill-Pay Services [16% of TR]: Advisor maintains a full-time staff dedicated to these functions, the process of which is supervised by Advisor Management and Principals Terry Fergus, David Lightner, Thomas Bertsch, and Timothy Carneval.

Financial Planning Services [16% of TR]: Financial Planning services are provide to Clients as their own services, or in conjunction with Tax and/or Investment Advisory Services. Advisor Representatives that spend a significant amount of time on Financial Planning are: Terrence Fergus, David Lightner, Thomas Bertsch, and Timothy Carneval.

Other Consulting [10% of TR]: Services include litigation support as expert witness, consulting on various insurance related issues, and other specialized client requests. Advisor Representatives spending significant time on consulting Include Terrence Fergus and David Lightner.

FSM Capital Management LLC**Methods of Analysis, Investment Strategies and Risk of Loss****Methods of Analysis for Investment Advisory Clients**

Advisor utilizes Advent and/or Morningstar to help set investment policy and allocations as well as to rate investment managers. Advisor will conduct personal interviews with investment managers to assess, among other things, style, longevity, and GIPS performance. Advisor also schedules quarterly meetings with investment managers to assess ongoing performance. Advisor assesses the investment strategies of selected investment managers. Advisor representatives are in charge of reviewing and monitoring their respective client accounts. Accounts are reviewed at least quarterly with the underlying investments reviewed on a more frequent basis. When third-party investment advisors are selected to manage all or a portion of the client's account, the advisor representative will meet with the third-party investment advisor at least quarterly.

Advisor develops an asset allocation and investment policy based on the risk tolerance of the client. At this time the Advisor is able to explain to the client that investing in securities involves a risk of loss and that the client must be prepared to bear it and discuss any changes to the investment policy.

Advisor will meet with clients at frequencies determined by the client. The frequency of these meetings range from monthly to annually depending upon the requirements set by the client. In addition, tax compliance and consulting are also covered at these reviews.

Advisor provides clients, who utilize Advisor's bill pay services with monthly cash reconciliation and cash flow reports to each client, as well as quarterly and annual compilations of their assets. Clients will also receive account statements, at least quarterly, from the custodian at which their accounts are maintained. Clients are urged to compare the monthly cash flow reports provided by Advisor to the account statements provided by the account custodian. There is a statement recommending this practice to clients on each monthly cash reconciliation sent.

Advisor may provide investment supervisory services on a discretionary basis and when doing so maintains the discretion to determine the securities to be purchased or sold and the amount of securities to be purchased or sold. In cases where third party investment managers are utilized to manage client assets, the investment manager may provide its services on a discretionary basis. Advisor does not primarily recommend any one type of security. securities recommended depend on the individual needs of each client, the current economic conditions, and various other factors. Recommendations are made based on a case by case basis.

Clients are under no obligation to act on the financial planning recommendations of Advisor. If Advisor assists in the implementation of any recommendations, Advisor is responsible to ensure that the client receives the best execution possible. Investing in securities involves risk of loss that clients should be prepared to bear.

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Disciplinary Information

To the Advisor's knowledge, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation Advisory business or the integrity of Advisor's management.

FSM Capital Management LLC**Other Financial Industry Activities and Affiliations****A. Advisory Personnel Registered with a Broker Dealer**

Some of the Advisor's management persons may sell securities (typically limited to variable annuity products) to clients for commissions in their separate capacities as registered representatives of Safeguard Securities, Inc.. Currently, Terrence Fergus and Christina Grimmer are the only management persons of Advisor that are also registered representatives of Safeguard Securities, Inc. Please note that while Ms. Grimmer does not serve in an investment advisor representative capacity for Advisor, she can serve as a registered representative of Safeguard Securities, Inc. for Advisor's clients.

This situation could present a conflict of interest since the management person receives commissions (in addition to fees earned by Advisor) if the client chooses to implement the recommendations of Advisor through the management person in their separate capacities as registered representatives. Clients are not obligated to implement any recommendation through Advisor or through its associated persons in their separate capacities as registered representatives. Clients are free to choose any broker/dealer they wish to purchase and implement commissionable products.

B. Advisory Personnel Registered as a Futures or Commodities Trader

Advisor does not have any management services are registered or have an application to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. Other relationships material to the advisory business:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker: See Section A of this section
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund): None
3. other investment adviser or financial planner: None
4. futures commission merchant, commodity pool operator, or commodity trading advisor: None
5. banking or thrift institution: None
6. accountant or accounting firm: None
7. lawyer or law firm: None
8. insurance company or agency: Terrence Fergus and Christina Grimmer carry Life and Health Insurance Licenses in the State of Ohio, Florida, and Alabama.
9. pension consultant: None
10. real estate broker or dealer: None
11. sponsor or syndicator of limited partnerships: None

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11. Sponsor or syndicator of limited partnerships: none

D. There are no additional arrangements with other investment advisors that create a material conflict of interest other than those already described above or in the Advisory Business Section of this disclosure document.

FSM Capital Management LLC**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading****A: Code of Ethics Brief Summary**

Advisor has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for Advisor's Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Advisor's Code of Ethics is consistent with the AICPA code of ethics due to the nature of tax and financial planning services provided to clients.

Upon employment or affiliation and when changes occur to the Code of Ethics, all supervised persons will sign an acknowledgment that they have read, understand and agree to comply with Advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of advisor's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.

B: Securities in which Advisor has a Financial Interest

Advisor is assisting in structuring a private placement offering to raise capital for the startup of a new luxury spirits and champagne company, Toast Spirits, LLC. This President and CEO of this company has extensive experience in the spirits industry and he has created a unique and innovative business plan to approach the market with. Advisor is disclosing a conflict of interest when presenting this investment to clients as members of Advisor's management team will serve on the Board of Directors of Toast Spirits LLC and Advisor will be compensated for providing accounting services to the company. Advisor is not receiving any compensation for capital raised in this offering.

C: Advisor Personal Securities Trading Review

Advisor and its supervised persons may buy or sell securities or hold a position in securities identical to the securities recommended to clients. It is Advisor's policy that no supervised person will put his or her interest before a client's interest. Supervised persons may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain. It is the supervised person's responsibility to know which securities are being traded by Advisor. Supervised persons can consult with the Chief Compliance Officer (hereinafter "CCO") to determine whether a security is an appropriate purchase or sale by the supervised person. In addition, all supervised persons are prohibited from trading on non-public information and from sharing such information. Advisor does not allow "short-swing" trading or market timing.

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information. Advisor does not allow short selling, trading or market timing

Per the requirements of Rule 204A-1 of the Advisers Act, all persons associated with Advisor who are also considered access persons will be required to report all securities transactions to the CCO or Accounting Manager. An access person has been defined by the SEC, under Rule 204A-1(e)(1). Access persons must report trades implemented for a personal account, an account of any household family member (spouse, minor children or other adults residing in the same household), or any account for which the access persons acts as a trustee. Personal securities transactions that need to be reported include: stocks, bonds, limited partnerships, options, and other general securities. It is the policy of Advisor to ensure investment opportunities are offered first to clients before they are acted upon by Advisor, in its proprietary accounts, or Advisor access persons act on them.

FSM Capital Management LLC

Brokerage Practices

A: Factors considered in recommending or choosing Broker Dealers

Clients wishing to implement the advice of Advisor are free to select any broker/dealer or investment advisor they wish and are so informed. For clients that wish to have Advisor implement its advice, Advisor recommends clients establish accounts through Fidelity Brokerage Services LLC or National Financial Services LLC and utilizes the services of Fidelity Institutional Wealth Services (collectively referred to as "Fidelity"). The primary factor in suggesting a broker/dealer is that the services of the broker/dealer are provided in a cost-effective manner. Best execution of client transactions is an obligation Advisor takes seriously and is a catalyst in the decision of suggesting a broker/dealer. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by Advisor must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

While there is no direct linkage between the investment advice given to clients and Advisor's recommendation and use of Fidelity, economic benefits are received by Advisor which would not be received if Advisor did not give investment advice to clients. Some of the benefits received from Fidelity include: A dedicated trade desk for Advisor to use, a dedicated service group and an account services manager dedicated to Advisor's accounts, access to a real-time order matching system, ability to "block" clients' trades, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with Fidelity's software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third-party research and technology, a quarterly newsletter, access to Fidelity mutual funds, access to Fidelity Advisor CHANNEL® (internet access to statements, confirmation and transfer of asset status), access to Account View (through which clients may access their account information over the internet via Advisor's web site), access to mutual fund families and mutual funds not affiliated with Fidelity, including those with no transaction fees, and the ability to have loads waived for Advisor's clients who invest in certain Fidelity loaded funds when certain conditions are met and maintained.

The benefits received through participation in the Fidelity program do not depend upon the amount of transactions directed to or amount of assets managed through Fidelity Brokerage Services, Inc. Fidelity waives the monthly service fee charged to Advisor as long as Advisor maintains at least \$10 million of client assets on the Fidelity platform.

While Advisor does recommend broker/dealers, clients may select a broker/dealer of their own choosing to the extent Advisor has the ability to integrate the broker/dealer's systems into that of Advisor's. When a client directs the use of a particular broker/dealer or other custodian, Advisor may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. The Clients are made aware of the pros and cons of using their desired broker/dealer. Further, directed trades may be placed by Advisor after effecting non-directed trades

Form ADV - Part 2A

Advisor after executing non-directed trades.

1. Research and other Soft Dollar Arrangements

Currently, Advisor does not have any soft dollar arrangements.

2. Brokerage for client referrals

Currently, Advisor does not have any client referral arrangements. Advisor does not recommend broker-dealers based on the possibility of obtaining client referrals.

3. Directed Brokerage

Advisor does not allow directed brokerage arrangements.

B: Account Aggregation

Currently, Advisor does not aggregate orders. However, it should be noted that In some instances, an adviser may be able to obtain better prices and lower execution costs for its clients if it aggregates (also known as bunching or block trading) multiple smaller orders into one large order. When determining whether or not to aggregate a transaction, Advisor still remains subject to its duty of best execution. If Advisor will include proprietary accounts in aggregated client orders, it will:

1. disclose its trade aggregation policy to all clients in its Form ADV Part II;
2. aggregate transactions only if it believes that aggregation is consistent with its duty of best execution;
3. allocate orders on a pro rata basis for partially filled orders;
4. not favor any client over any other client, and each client participating in the order will participate at an average
share price of all Advisor's transactions in that security on the day of execution and transaction costs will be
shared pro rata base on each client's participation in the transaction;
5. prepare a written statement prior to entering into an aggregated order that will specify the participating clients and
how Advisor intends to allocate the order among clients;
6. deviate from the written allocation statement only on a fair basis with written documentation approved by
designated Investment Advisor no later than one hour after the opening of the markets on the trading day
following the day the order executed;
7. maintain accurate records relating to the aggregated trades, including, each client account that is included in an
aggregated order, the securities held by and bought and sold for that client account;
8. not hold client assets collectively any longer than necessary to settle the purchase or sale transaction;
9. not receive any additional compensation or remuneration as a result of any aggregated order; and
10. render individual advice and treatment to each advisory client.

Including proprietary accounts in an aggregated order creates a conflict of interest due to the fact that

Form ADV - Part 2A

including proprietary accounts in an aggregated order creates a conflict of interest due to the fact that Advisor would have an incentive to favor proprietary accounts.

FSM Capital Management LLC

Review of Accounts

A: Review of client accounts and financial plans

Advisor representatives are in charge of reviewing and monitoring their accounts. Accounts are reviewed at least quarterly with the underlying investments reviewed on a more frequent basis. When third-party investment advisors are selected to manage all or a portion of the client's account, the advisor representative will meet with the third-party investment advisor at least quarterly.

Advisor will meet with clients at frequencies determined by the client. The frequency of these meetings range from monthly to annually depending upon the requirements set by the client. In addition, tax compliance and consulting are also covered at these reviews.

Financial plans are reviewed at least quarterly by Advisor personnel and reviewed with the client at least annually. The financial plan review covers all areas of an individual's financial affairs including but not limited to estate planning, wills and trusts, retirement accounts and savings, investment performance and risk tolerance, tax compliance, accounting and bill-pay needs, insurance needs, and various other matters. Topics covered in the annual review for each client differ due to their specific individualized needs.

B. In the case of a client requiring less than periodic review of their accounts, a review of the financial affairs would occur annually or at the request or discretion of the client.

C. Client Reporting Frequency

Advisor provides clients with monthly cash reconciliation and cash flow reports to each client, as well as quarterly and annual compilations of their assets. Clients will also receive account statements, at least quarterly, from the custodian at which their accounts are maintained.

FSM Capital Management LLC**Client Referrals and Other Compensation**

Clients are advised that one of Advisor's members, David A. Lightner, prior to joining Advisor was an account executive with MAI Wealth Advisors (MAI) for twenty-five (25) years. As an Account Executive, Lightner was involved in wealth management services that included financial planning, tax consulting and portfolio management. When Lightner departed MAI on April 1, 2007, Lightner, Advisor and MAI entered into a Separation, Mutual Non-Solicitation and Professional Services Agreement ("Agreement"). The Agreement held the following provisions:

- Advisor made a payment of \$750,000.00 upon the execution of the agreement;
- In addition, Lightner guaranteed to pay MAI \$1,000,000.00 on or before June 30, 2014. Such payment is reduced by the amount of all payments received by MAI for Investment Advisory Services.

Therefore, Mr. Lightner and the Advisor receives direct economic benefit from clients being referred to MAI. Further, Advisor may have a conflict of interest by offering those third-party investment advisors that have agreed to pay a portion of their advisory fee to Advisor. Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

FSM Capital Management LLC

Custody

This section provides disclosure regarding Advisor's activities that are deemed to be custody by rules set forth under the Investment Advisers Act of 1940. Advisor provides billing paying services to clients. Through this service, Advisor will be granted check writing privileges on the client's bank accounts. In addition, Advisor accepts and forwards client securities (e.g. stock certificates) to a qualified custodian on behalf of the client. Finally, Advisor is generally given the authority to have fees deducted directly from client accounts and paid to the Advisor.

Advisor has developed internal policies and procedures to control for the risk associated with having access to and /or control over client funds and securities. Advisor has established procedures to ensure all client funds and securities are held at a qualified custodian (such as a broker/dealer or bank) in a separate account for each client under that client's name. Clients or an independent representative of the client (other than an affiliated person of Advisor) are also notified, in writing of the qualified custodian's name, address and the manner in which the funds or securities are maintained, promptly when the account is opened and following any changes. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative (other than an affiliated person of Advisor), at least quarterly.

Despite Advisor's best efforts to protect client funds, advisor urges clients to compare statements received directly from their custodians to the statements received from the advisor.

FSM Capital Management LLC

Investment Discretion

Adviser may provide investment supervisory services on a discretionary basis and when doing so maintains the discretion to determine the securities to be purchased or sold and the amount of securities to be purchased or sold. In cases where third party investment managers are utilized to manage client assets, the investment manager may provide its services on a discretionary basis.

Upon engaging Advisor, client will sign an engagement letter defining the terms of the engagement and expected fees for services. This letter will be accompanied with several addendum's depending on services engaged by the client. Addendum may include a power of attorney, and investment management agreement authorizing Advisor with discretionary or non-discretionary authority, new account forms required by the qualified custodian, risk tolerance addendums, etc. Note that addedums may differ depending on each specific client's needs.

FSM Capital Management LLC

Voting Client Securities

Advisor does not vote proxies for securities held in client accounts. Even though Advisor may have discretionary authority to make investment decisions on behalf of clients, Advisor will not exercise proxy voting authority over client securities. Clients shall be instructed to inform its custodian that Advisor will not be designated as the party to receive information on voting client proxies. The obligation to vote client proxies shall at all time rest with the client. Should Advisor inadvertently receive proxy information for a security held in client's account, Advisor will immediately forward such information on to client, but will not take any further action with respect to the voting of such proxy. Upon termination of an agreement, Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Advisor on behalf of a client to the forwarding address provided by client to Advisor. Advisor will not take any action with regard to class action suits for stocks owned by its clients.

FSM Capital Management LLC

Financial Information

A: Fees paid in advance

Advisor does not solicit or require prepayment of fees greater than \$1,200 6 months or more in advance.

B: Not applicable

C: Bankruptcy Petitions

Advisor has not been the subject of a bankruptcy petition at any time during the past ten years.

FSM Capital Management LLC

Form ADV Part 2B
Brochure Supplement

David A. Lightner

2000 Auburn Drive, Suite 330
Cleveland, OH 44122

Phone: 216-916-8420

This brochure supplement provides information about David A. Lightner that supplements the FSM Capital Management LLC brochure. You should have received a copy of that brochure. Please contact Jennifer A. Rasmussen if you did not receive FSM Capital Management LLC's brochure or if you have any questions about the contents of this supplement.

FSM Capital Management LLC

Educational Background and Business Experience

David A. Lightner – CPA, CFP® practitioner

Year of Birth – 1960

Ashland College – Bachelor's Degree in Finance and Economics

Mr. Lightner has been with FSM since July 2007 where he serves as one of the firm's principals. Prior to this he was with MAI Wealth Advisors from 1985 through 2007 where he managed professional athletes' finances in a family office forum. His area of focus included financial planning, tax and investments.

FSM Capital Management LLC

Disciplinary Information

Mr. Lightner has not been involved in a legal or disciplinary event.

FSM Capital Management LLC

Other Business Activities

Mr. Lightner is not actively engaged in any other investment related business or occupation.

FSM Capital Management LLC

Additional Compensation

Mr. Lightner does receive an economic benefit for providing advisory services from anyone who is not a client.

FSM Capital Management LLC

Supervision

Mr. Lightner reports to the Board of Directors. He is required to meet the compliance requirements of the Chief Compliance Officer.

Jennifer Rasmussen
Chief Compliance Officer
(216) 916-8428

FSM Capital Management LLC

Form ADV Part 2B
Brochure Supplement

Terrence P Fergus

2000 Auburn Drive #330
Cleveland, OH 44122

Phone: (216) 916-8420

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FSM Capital Management LLC

Educational Background and Business Experience

Terrence P. Fergus – CPA, PFS

Year of Birth – 1954

Cleveland State University – Bachelor's of Science in Business Administration & Accounting

Mr. Fergus has been with FSM since July 2007 where he serves as the firm's President and is one of the firm's principals. Prior to this he was a principal at Sustin, Bartell, Waldman & Fergus, Ltd, an accounting practice where he serviced the financial needs of a broad array of clients. His specialties include insurance consulting, executive compensation; financial, estate and retirement planning and qualified and nonqualified retirement plans. Mr. Fergus was with KPMG from 1982 through 2001 where he served as a Partner from 1990 – 2001 and was a member of the Personal Financial Planning Operating Committee. Mr. Fergus is licensed as an independent insurance agent. In addition, he has been a registered representative of Safeguard Securities, Inc. as of January 2010.

FSM Capital Management LLC

Disciplinary Information

Mr. Fergus has not been involved in a legal or disciplinary event.

FSM Capital Management LLC

Other Business Activities

Mr. Fergus is not actively engaged in any other investment related business or occupation.

FSM Capital Management LLC

Additional Compensation

Mr. Fergus does receive an economic benefit for providing advisory services from anyone who is not a client.

FSM Capital Management LLC

Supervision

Mr. Fergus reports to the Board of Directors. He He is required to meet the compliance requirements of the Chief Compliance Officer.

Jennifer Rasmussen
Chief Compliance Officer
(216) 916-8428

FSM Capital Management LLC

Form ADV Part 2B
Brochure Supplement

Timothy Carneval

2000 Auburn Drive #330
Cleveland, OH 44122

Phone: (216) 916-8420

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FSM Capital Management LLC

Educational Background and Business Experience

Timothy Carneval – CPA, CFP® practitioner
Year of Birth – 1967

University of Virginia – Master of Accountancy – Concentration in Tax and Finance

University of Maryland – Bachelor of Science in Accounting

Mr. Carneval has been with FSM since July 2007 where he serves as one of the firm's principals. Prior to this, Mr. Carneval was with Persimmon Global Advisors from 2001 to 2007 where he was in charge or managing professional athletes and high net worth individuals' finances in a family office forum. His area of focus included financial planning, tax and investments. Mr. Carneval's prior experience also includes affiliations with Investment Advisors International Inc. (A Division of IMG) and Arthur Anderson LLP.

FSM Capital Management LLC

Disciplinary Information

Mr. Carneval has not been involved in a legal or disciplinary event.

FSM Capital Management LLC

Other Business Activities

Mr. Carneval is not actively engaged in any other investment related business or occupation.

FSM Capital Management LLC

Additional Compensation

Mr. Carneval does receive an economic benefit for providing advisory services from anyone who is not a client.

FSM Capital Management LLC

Supervision

Mr. Carneval reports to David Lightner. He is required to meet the compliance requirements of the Chief Compliance Officer.

Jennifer Rasmussen
Chief Compliance Officer
(216) 916-8428

FSM Capital Management LLC

Form ADV Part 2B
Brochure Supplement

Thomas J Bertsch

2000 Auburn Dr #330
Cleveland, OH 44122

Phone: (216) 916-8420

This brochure supplement provides information about Thomas J Bertsch that supplements the FSM Capital Management LLC brochure. You should have received a copy of that brochure. Please contact Jennifer A. Rasmussen if you did not receive FSM Capital Management LLC's brochure or if you have any questions about the contents of this supplement.

FSM Capital Management LLC

Educational Background and Business Experience

Year of Birth – 1974

John Carroll University – Bachelor of Science and Business Administration,
Accounting

Mr. Bertsch has been with FSM since July 2007 where he serves as one of the firm's principals. Prior to this he was with MAI Wealth Advisors from 1998 – 2007 where he was responsible for managing professional athletes' finances in a family office forum. His areas of focus included financial planning, tax and investments.

FSM Capital Management LLC

Disciplinary Information

Mr. Bertsch has not been involved in a legal or disciplinary event.

FSM Capital Management LLC

Other Business Activities

Mr. Bertsch is not actively engaged in any other investment related business or occupation.

FSM Capital Management LLC

Additional Compensation

Mr. Bertsch does receive an economic benefit for providing advisory services from anyone who is not a client.

FSM Capital Management LLC

Supervision

Mr. Bertsch reports to David Lightner. He is required to meet the compliance requirements of the Chief Compliance Officer.

Jennifer Rasmussen
Chief Compliance Officer
(216) 916-8428