



Form ADV Part 2A

999 Waterside Drive, Suite 800
Norfolk, VA 23510
Phone: 757.305.1500
Toll Free: 866.495.6498
Fax: 757.305.1538
www.palladiumllc.com

December 15, 2011

This brochure provides information about the qualifications and business practices of Palladium Partners, LLC DBA Palladium Registered Investment Advisors (Palladium or Adviser). If you have any questions about the contents of this brochure, please contact us at 757.305.1500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Palladium is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information to help you determine if you should hire or retain an adviser. Additional information about Palladium is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Palladium who are registered, or are required to be registered, as investment adviser representatives of Palladium.

Item 2 – Material Changes

The SEC requires investment advisers such as us to deliver information about our qualifications and business practices to clients on at least an annual basis. We will further provide you with a new brochure as necessary based on material changes or new information, or at any time you request, without charge.

Specific material changes that have been made to this brochure since its last update on March 30, 2011 are as follows:

Item 5 - Fees

The compensation for Palladium’s Advisory services has been revised as follows:

Assets Under Management	Annual Fee	Quarterly Fee
Up to and including \$5,000,000	0.90%	0.225%
\$5,000,001 and \$10,000,000	0.70%	0.175%
Above \$10,000,001	Negotiable	Negotiable

Item 14 – Client Referrals

Palladium enters into written agreements with other companies or persons, none of which are affiliated with us, who refer potential clients to us in exchange for a referral fee. The referral fee is a percentage of the fee we receive from the referred client for our services. This means that the companies or persons referring potential clients to us will have a financial interest in your selecting us to provide investment advisory services. The fee we charge you for our services will not be increased as a result of the referral arrangement.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9 – Disciplinary Information.....	5
Item 10 – Other Financial Industry Activities and Affiliations	5
Item 11 – Code of Ethics	5
Item 12 – Brokerage Practices	7
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation	10
Item 15 – Custody.....	11
Item 16 – Investment Discretion	12
Item 17 – Voting Client Securities.....	12
Item 18 – Financial Information	13
Brochure Supplement(s)	

Item 4 – Advisory Business

Palladium was founded in January 2008 by principal owners Jim Izard and Katherine Willis along with John Benedict, Henry Harris and Dick Phillips. We offer investment management services to institutional and individual clients with \$500,000 or more in investable assets. As of February 28, 2011, we manage \$1.3 billion in assets with an average account size of \$1.0 million. Approximately \$28 million of this figure is managed on a non-discretionary basis while the remainder is under our discretion. All managed accounts are held by an independent custodian.

Our investment management service is implemented on a discretionary basis, allowing us to buy and sell securities whenever we believe changes are appropriate. Such securities include stocks, bonds, exchange traded funds, mutual funds, cash-equivalents, and where appropriate, alternative investments (i.e., hedge funds, real estate, private equity and venture capital). Account supervision is guided by your stated investment objective (i.e., current income, growth in income, capital appreciation, etc.). You are able to impose restrictions on investing in specific securities or types of securities by notifying us in writing.

Your investment objective is identified by determining your risk tolerance based upon your age, income, experience, need for cash flows, investment goals, emotional tolerance for volatility, tax situation, time horizon, and any other unique circumstances. The information provided by you is collected during client meetings and interviews. After reviewing your financial situation and defining investment guidelines, we implement the investment strategy through a combination of investments. Capital market conditions and client circumstances are monitored and portfolio adjustments are made as needed to reflect significant changes in any or all of the above variables.

In addition to our advisory services, we provide investment consulting services to non-advisory clients charged on an hourly basis that relate to matters such as asset allocation, portfolio diversification, managing portfolio risk, financial planning, financial forecasting, and other general economic and financial topics.

Item 5 – Fees and Compensation

The specific manner in which management fees are charged by Palladium is established in your Investment Counsel Agreement. We bill our fees on a quarterly basis on the first day following the calendar quarter. These fees are charged in arrears based on a percentage of the value of your assets under management with us on the last day of the previous quarter. Advisory services begin on the date you sign the Investment Counsel Agreement. You may elect to be billed directly for fees or authorize Palladium to directly debit fees from your account(s) at the custodian. You are provided a copy of the fee invoice and should verify

the accuracy of the fee calculation. The custodian will not determine whether the fee has been properly calculated. Accounts initiated during a calendar quarter will be charged a prorated fee.

Proper valuations are necessary for accurate fee billing purposes and performance calculations, among others. Palladium utilizes, to the fullest extent possible, recognized and independent pricing services and qualified custodians for timely valuation information for client securities. Whenever valuation information for specific illiquid, foreign, private or other investments is not available through pricing services or custodians, Palladium's Pricing Committee and/or portfolio manager(s) will obtain and document price information when possible from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source. Any securities we are unable to obtain market valuation information are reviewed and priced at \$1 by the portfolio manager.

Either the Adviser or you may terminate the Agreement for any reason upon 30 days written notice to the non-terminating party. Accounts terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable. You may cancel the Agreement without penalty within the first five days after signing the Agreement.

Palladium's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by you. You may incur certain charges imposed by custodians, brokers, third-party investments and other third parties such as fees charged by managers, custodial fees, deferred sales charges, mark-ups, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Palladium's fee. We do not receive any portion of these commissions, fees, or costs. You should review all fees charged by Palladium, the custodian, broker and others to fully understand the total amount of fees incurred.

Item 12 describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The compensation for Palladium's Advisory services is as follows:

Assets Under Management	Annual Fee	Quarterly Fee
Up to and including \$5,000,000	0.90%	0.225 %
\$5,000,001 and \$10,000,000	0.70%	0.175%
Above \$10,000,001	Negotiable	Negotiable

Minimum annual fee: \$3,000

Palladium typically assesses a minimum annual fee of \$3,000. Therefore, accounts with a small balance may pay a higher annual fee than those indicated in the referenced schedule. We reserve the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, negotiation of fees may result in different fees being charged for similar services and may be less than the stated fee schedule.

The compensation for the additional services Palladium offers is as follows:

Consulting - \$150 - \$250 per hour as mutually agreed upon by the Client and Adviser

Estate Evaluations - \$500 in addition to Palladium's standard fees

Non-Discretionary Accounts - \$3000 in addition to Palladium's standard fees

Item 6 – Performance-Based Fees and Side-By-Side Management

Palladium does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Item 7 – Types of Clients

We provide portfolio management services to individuals, trusts, 401K plans, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, corporations and other businesses with a minimum account size of \$500,000. Exceptions are made when there are related accounts to an account that meets the minimum account size. We may also accept lower sized accounts, depending on the circumstances, on a case by case basis.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Our equity selection process focuses on stocks that are high quality, diversified among industries and have attractive valuation. High quality is obtained by screening for stocks that have a Value Line Safety Rating of 3 or better and a Value Line Financial Strength Rating of B or better (Exceptions need to be approved by the Investment Committee). Diversification is addressed by purchasing a number of individual stocks that, when combined together, have a similar average size and economic sector distribution as the S&P 500 Index. Diversification can also be obtained through the use of exchange traded funds that hold numerous individual equities. Valuation is determined by the ratio of a stock's

price to its underlying earnings power along with earnings and price trends. Current earnings, historic earnings and estimated future earnings are all used to determine a company's underlying earnings power. All of this information is combined and used to examine the potential return of a given company's stock along with the risk that the company may not perform as well as others. The selection process produces a portfolio of stocks with characteristics similar to the S&P 500 Index's industry diversification and market capitalization, but has a 20-30% valuation discount based on their underlying earnings power. The application of this equity selection process is then tailored to each individual client based on their particular investment objectives, aversion to risk, and tax sensitivity.

Direct exposure to foreign and smaller capitalization securities will generally be obtained by the use of exchange traded funds. Exchange traded funds and/or mutual funds may also be used from time to time to gain exposure to other areas of the market.

The primary risk to equity ownership is loss of principal due to unexpected company, industry, economic, or political problems.

Our fixed income investment strategy is based on a laddered structure: bonds are bought in sequential years and held to maturity. Within this structure we analyze bonds of varying types in order to buy at attractive prices and maintain a diversified mix of high quality bonds. On occasion exchange traded funds and/or mutual funds may be used to achieve a diversified fixed income portfolio. Our analysis consists of fundamental (where we review financial information to help determine the risk of default) and technical (where we look at historical data and trends to help determine direction of yields and risk premiums). Relative value is then applied to determine the value versus peers and various bond types; and compensation for additional risk. The securities we purchase typically carry a rating of A or better from at least one of the major credit rating agencies. In addition to our own research and that of the credit rating agencies, we utilize outside, independent research to help identify value and risks.

The primary risk to our bond portfolios is default by the bond issuer. A default could result in less than the face value of the bond being returned to the investor and may include a complete loss in value. Similarly, a default may also impact the amount of interest received. While holding high quality bonds helps reduce this risk, it does not eliminate the risk. We hold most bonds to maturity and minimize market timing risk. However, if a bond is sold prior to maturity the value may be less than the purchase price due to variables including changes in prevailing interest rates, the market's perceived value of the bond, and the quantity of the bond sold.

For clients who want exposure in asset classes beyond equity and fixed income we may include alternative investments. Alternative investments provide you with exposure to

markets and investment strategies that cannot be accessed through other more traditional asset classes. Alternative investments may be used with traditional fixed income and equity strategies to potentially enhance overall portfolio performance with lower volatility. Our alternative investment strategy is based on thoroughly evaluating the investment and its managers. Among the factors we consider in selecting alternatives include performance, the use of leverage, understanding sources of risk, and cost. In addition to attractive risk-adjusted return potential, alternatives provide diversification through lower correlated asset classes to reduce the volatility of your overall portfolio. Investing in alternative investments is speculative and not suitable for all investors. Alternatives are meant for experienced and sophisticated investors who are willing to bear the risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging and/or short-selling
- Lack of liquidity in that there may be no secondary market
- Volatility of returns
- Restrictions on transferring interests in the investment
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees

Investing in all securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of Palladium's management.

Palladium has no material legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

Palladium is independently owned and operated. We have no other financial industry activities or affiliations.

Item 11 – Code of Ethics

Palladium has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on

insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Palladium must acknowledge the terms of the Code of Ethics annually, or as amended.

Personal Securities Trading

We may purchase and/or sell securities for client accounts in which Palladium employees, directly or indirectly, have a position of interest. Palladium's employees are required to follow the firm's Code of Ethics. Subject to satisfying this Code and applicable laws, officers, directors and employees of Palladium may trade, for their own accounts and any accounts in which they maintain a beneficial interest, in securities which are recommended to and/or purchased for Palladium's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Palladium will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not interfere with the best interest of Palladium's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading on the same day in the same security as the client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to trade in the same securities as clients, there is a possibility that employees could receive a better price than a client on the purchase or sale of a security. Employee trading is continually monitored to reasonably prevent conflicts of interest between Palladium and its clients.

Employee accounts managed by Palladium may trade in the same securities with client accounts on an aggregated basis when consistent with Palladium's obligation of best execution. In such circumstances, the employee and client accounts will receive securities at a total average price. Palladium will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order. Employee accounts managed by Palladium may also be rebalanced on an individual basis consistent with the process used for client accounts.

Insider Trading

Palladium's insider trading policy prohibits our personnel from trading either personally or on behalf of clients while in possession of material, nonpublic information ("Inside Information"), nor may any personnel communicate material, nonpublic information to others in violation of the law. By reason of its various activities, Palladium may become privy to Inside Information and be restricted from effecting transactions in certain investments that might otherwise have been initiated. Palladium has implemented policies and procedures designed to comply with the requirements of the federal securities laws

relating to insider trading. Among other things, such policies and procedures seek to control and monitor the flow of Inside Information to and within Palladium, as well as prevent trading on the basis of inside information. Companies about which Palladium and/or its personnel have inside information will be placed on a Restricted List. As a general rule, trades will not be allowed for clients or for the personal accounts of employees in the securities of a company appearing on the Restricted List, except in limited circumstances and with the approval of the Chief Compliance Officer.

Cross Trades

As is consistent with its duty to seek to obtain best execution, occasionally Palladium may cross trades of bonds for client accounts. A cross trade occurs when the adviser purchases and sells a particular security between two or more accounts under the adviser's management by instructing brokers to "cross" the bond. Palladium generally utilizes cross trades to address account funding issues and when it specifically deems the practice to be advantageous for each participant. In no instance does Palladium receive additional compensation when crossing trades for client accounts. Palladium will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of the clients.

Other

Employees may personally take positions inconsistent with the advice of the firm. We are not obligated to acquire for any account any security that our employees may acquire for their own accounts or for the account of any other client, if it is not practical or desirable to acquire a position in such security.

Palladium's clients or prospective clients may request a copy of the firm's Code of Ethics by writing to the Compliance Department at 999 Waterside Drive, Suite 800, Norfolk, VA 23510.

Item 12 – Brokerage Practices

The Custodian and Brokers We Use

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Absent an existing "qualified custodian" relationship, we will assist you in establishing an account with a custodian/broker. We are independently owned and operated and are not affiliated with any custodian/broker we recommend. The custodian/broker will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. At the present time, we recommend Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC as the qualified custodian. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so

and will open your account with the custodian/broker you choose by entering into an account agreement directly with them. We do not open the account for you.

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Online access to the account
- Consolidated reporting
- Duplicate monthly statements
- Availability of other products and services that benefit us, as discussed within

Your Brokerage and Custody Costs

The custodians that we recommend do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that it executes or that settle into your account.

Services That Benefit You

The custodians/brokers that we recommend include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by you. These services described generally benefit you and your account.

Services That May Not Directly Benefit You

The custodians/brokers also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research of the custodian/broker and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained with that custodian/broker. In addition to investment research, the custodians/brokers make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Custodians/brokers also offer other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers and insurance providers

Some of these services may be discounted or their fees waived. They may also provide us with other benefits, such as occasional business entertainment of our personnel.

Directed Brokerage

If you choose not to use the qualified custodian recommended by us, you may direct us to use a particular broker/dealer to execute equity and/or fixed income transactions for your account. In doing so, we will not be able to: (1) negotiate commissions, (2) obtain volume discounts, and (3) may not be able to obtain best execution. When you direct the broker to be used for your account, the commission rates are decided upon between you and your broker. In most cases, we do not have access to the negotiated commission schedule, and consequently will not be able to verify commissions charged per transaction. In addition, when you direct brokerage, only the directed broker/dealer chosen by you for equity and/or fixed income transactions will be used to execute your trades. As a result, under these circumstances a disparity in commission charges may exist between the commissions charged to you versus other Palladium clients who do not direct us to use a particular

broker or dealer. You may pay brokerage commission rates and/or receive executions that are less favorable than those we may negotiate or obtain when we select brokers to execute transactions on behalf of our clients. When directing brokerage, you should be aware that we will not be able to aggregate your transactions and will generally place such trades after the completion of the trades for clients that do not direct their brokerage. We will not be able to seek better execution services or prices from other broker/dealers.

Item 13 – Review of Accounts

Palladium currently has eight portfolio managers that are responsible for reviewing client accounts. Each advisory account is assigned a primary portfolio manager who is responsible for the continuous management of the account as well as the maintenance of the relationship. A back-up portfolio manager is also assigned to perform the same functions in the absence of the primary manager. Of Palladium's eight manager's, seven currently share portfolio manager responsibilities for approximately 1300 accounts. Three of the managers have additional responsibilities for direct oversight of equity and fixed income trading for portfolios following various models. On a semi-monthly basis, all of Palladium's managers meet to discuss investment strategy. Monthly the portfolio managers' review cash equivalent, bond and equity allocations based upon perceived risk and return amongst these three asset classes. Additionally, all portfolio managers meet monthly in Investment Committee to review all non-universe stock holdings, mutual funds and other assets held in client accounts. On a quarterly basis, all primary portfolio managers review client accounts with their backup portfolio manager. In addition, the Chief Compliance Officer reviews a random sample of client accounts throughout each quarter. The reviews include analysis of asset allocation versus investment objective, cash level and individual security selections. Clients are kept informed about their portfolio activity by receiving quarterly investment reviews, an annual capital gains statement, and a quarterly commentary on the financial markets. Clients also receive copies of transaction confirmations and monthly/quarterly statements from their brokerage firm and/or custodian. Note that some broker dealers may not provide trade confirmations; however, custodial statements will contain the same information that appears in the trade-by-trade confirmation for each transaction.

Further reviews are prompted by client contact, significant changes in market conditions, news pertaining to a specific holding, and significant withdrawals or additions to an account.

Item 14 – Client Referrals and Other Compensation

Palladium enters into written agreements with other companies or persons, none of which are affiliated with us, who refer potential clients to us in exchange for a referral fee. The referral fee is a percentage of the fee we receive from the referred client for our services. This means that the companies or persons referring potential clients to us will have a financial interest in your selecting us to provide investment advisory services. The fee we charge you for our services will not be increased as a result of the referral arrangement. When referred to us through an arrangement like this, you will receive a document disclosing the arrangement with the solicitor, any affiliation between us and the solicitor, and a description of the compensation the solicitor will receive from us if you establish an account with us.

Palladium may purchase for client accounts certain securities that are marketed by the underwriter of those securities, typically exchange traded or index-shares. These underwriters will periodically pay for representatives of Palladium to attend conferences or meetings which they sponsor. The purpose of attending these events is research related. Such conferences provide economic, market and product-related research for the benefit of all Palladium clients.

We receive an economic benefit from Charles Schwab & Co. in the form of support products and services it makes available to us for maintaining client accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 – Brokerage Practices. The availability of Schwab's products and services to us is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

Under government regulations, we are deemed to have “custody” of your assets when you authorize us to instruct the custodian to deduct our advisory fees directly from your account; request your advisor to act as a trustee on your account; or allow us to have passwords to access your accounts for trading purposes. However, Palladium does not maintain actual custody of client funds or securities, nor are we authorized to hold or receive any stock, bond or other security or investment certificate or cash (except in the payment of its advisory fee) that is part of the client's account. The qualified custodian maintains actual custody of your assets.

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. Such statements detail all transactions during the period, including fees deducted from the account. Palladium urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may

vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Before assuming discretionary authority, Palladium must receive the executed Investment Counsel Agreement and Investment Guideline forms from the client granting Palladium discretion. When a client agrees to discretionary authority, Palladium will be responsible for selecting the identity and amount of securities to be bought and/or sold. Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Palladium observes the investment policies, limitations and restrictions of the clients for which it advises. Any limitations or restrictions will be those imposed in writing by the client.

Palladium currently manages numerous advisory accounts. These accounts may have or will have investment objectives that are identical or substantially similar to other accounts. It is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected to result from several factors, including, without limitation, the following: the cost basis of the securities held which may affect the tax liability to the client if sold; different investment decisions made by the different portfolio managers assigned to the accounts; regulatory constraints that apply to certain accounts but not to others; investment constraints imposed by the client; and the amount of cash available for investment at certain times. As a result of factors such as these, accounts may have a different investment portfolio (and, as a result, different performance results) from other accounts even though the accounts have identical or substantially similar investment objectives. Portfolio managers are authorized to invest the assets of accounts for which they have investment responsibility in a wide range of underlying investments. As a result, it is expected that the accounts will have different investment portfolios resulting from different investment decisions made by their respective portfolio managers. In addition, there may be circumstances when one account will sell a security while another account may purchase the security on the same day.

Item 17 – Voting Client Securities

We have retained Broadridge for our proxy voting services. Proxy Edge is Broadridge's suite of electronic voting services. Proxy Edge allows us to manage, track, reconcile and report proxy voting through electronic delivery of ballots, online voting, and integrated reporting and record keeping. Voting recommendations are provided by Glass Lewis which

provides even greater efficiency and control over the timing and method of vote execution. Such recommendations are binding and may not be overridden by Palladium, unless Glass Lewis reports that it has conflicts in making such recommendations. In any such instance, the vote of the proxy will then become the responsibility of Palladium's Risk Committee, who will determine the best interest of its clients as pertains to each issue.

Palladium is responsible for voting proxies only when agreed to in the Agreement or in writing by the client. Clients that wish to direct their vote on a specific proxy may do so by sending the request in writing to the Compliance department.

Clients may obtain a copy of Palladium's complete proxy voting policies and procedures upon request. Clients may also obtain information about how we voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their firm's financial condition.

Palladium has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.