



# IRONHORSE

## CAPITAL MANAGEMENT

*This brochure provides information about the qualifications and business practices of IronHorse Capital LLC. If you have any questions about the contents of this brochure, please contact us at (901) 297-4350 or by email at: [contact@goironhorse.com](mailto:contact@goironhorse.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 IronHorse Capital LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). IronHorse Capital LLC's CRD number is: 148572*

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*Registration does not imply a certain level of skill or training.*

Version Date: 10/18/2013

## Item 2: Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

The most recent update to our brochure was October 18, 2013 and the following material changes were made as part of this update:

- Item 4 and Item 5 have been updated to reflect the sub-advisory services to the Conductor Global Funds.
- Item 10 has been updated to reflect the removal of solicitation disclosure.

The January 10, 2013 and March 25, 2013 updates of our Brochure included the following changes:

- Item 4 has been updated to reflect client's limited ability to place restrictions on portfolio accounts.
- Item 10 was updated to reflect the equity interest in IronHorse Holdings, LLC by existing clients of IHC.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Chief Compliance Officer at (901) 297-4350.

Additional information about IronHorse is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with IronHorse who are registered, or are required to be registered, as investment adviser representatives of IronHorse.

*(Brochure Date: 10/19/2013)*

*(Date of Most Recent Annual Updating Amendment: 2/22/13)*

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

IronHorse Capital LLC was established on September 16, 2009. The principal owner is IronHorse Holdings LLC, which is directly owned by Harrison Kerr Tigrett, Charles Albert Cunningham, and David Sewall Waddell.

### **B. Types of Advisory Services**

IronHorse Capital LLC (hereinafter “IHC”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

IHC provides investment advisory services to separately managed accounts and as sub-advisor to the Conductor Global Funds which consist of global equities, primarily focusing on investments in developed regions and markets. The investment selection process is value-oriented. IHC invests in companies across all regions of the world, from North America, to the developed EAFE (Europe, Australia, Far East) countries, to emerging markets. All individual investments in international markets must meet strict valuation, liquidity, and market-cap criteria to ensure that IHC is providing returns without excessive risk. IHC may impose limits on the level of investment in any one country or region.

Cross-Sector: IHC complements its bottoms-up, fundamental single-stock orientation by analyzing and shaping the portfolio at the sector level. Various criteria such as valuation, growth potential, and overall market environment guide the allocation process. Similar to the process for geographic diversification, IHC uses strict internal guidelines that limit too much concentration in any one sector.

Multi-Currency: IHC purchases all investments in local currency providing IronHorse investors true currency diversification.

IHC will request discretionary authority from separately managed clients in order to select securities and execute transactions without permission from the client prior to each transaction.

#### ***Services Limited to Specific Types of Investments***

IHC limits its money management to predominately equities and Exchange Traded Funds (“ETFs”), though may utilize index hedges to offset market risk during perceived high-risk periods in order to protect investor capital.

In addition, IHC may invest in both domestic and international mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers,

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REITs, private placements, government securities and options. IHC may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

IHC offers the same suite of services to all of its clients.

IHC does not permit clients to impose restrictions in investing in certain securities or types of securities in accordance with their religious or moral values and beliefs. IHC will attempt to accommodate reasonable restrictions requested by clients when agreed to by IHC.

### **D. Wrap Fee Programs**

IHC does not participate in any wrap fee programs.

### **E. Assets Under Management**

IHC has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$22,281,326	\$0.00	9/30/2013

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### *Investment Supervisory Services Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All Assets Under Management	1.50%

The specific manner in which fees are charged by IHC is established in a client's written agreement. These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with one day written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of

signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

For legacy clients that maintain holdings in the Conductor Global Funds, the above referenced management fee will not be charged. These clients will only pay the standard mutual fund fees.

For its sub-advisory services to mutual funds, IHC is paid a fee that is separately negotiated with such funds and approved by the boards of directors of such funds.

## **B. Payment of Fees**

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization as indicated in the investment advisory agreement. Fees are paid quarterly in arrears.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by IHC. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

IHC collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither IHC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

IHC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

IHC generally provides management supervisory services to the following Types of Clients:



- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Institutions
- ❖ Businesses
- ❖ Investment companies, including mutual funds

#### ***Minimum Account Size***

For separately managed accounts, there is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Investment Loss**

#### **A. Methods of Analysis and Investment Strategies**

IHC's methods of analysis include fundamental analysis and technical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### **B. Material Risks Involved**

IHC may use Long Term Purchases, Short Term Purchases, Short Sales and Margin Transactions strategies.

IHC utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales and margin transactions generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

#### **C. Risks of Specific Securities Utilized**

All investments present the risk of loss of principal – the risk that the value of securities (e.g., mutual funds, ETFs, bonds, etc), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

**Equity Securities Risk:** Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

**Risks Associated with Non-U.S. Investments:** IHC often makes investments outside the U.S. Such investments involve risks and special considerations some of which are not typically associated with U.S. investments. These including political risks, economic risks, legal risks, foreign currency and exchange risks, accounting and tax risk, restrictions on repatriation of capital and profits and different tax requirements. Differences in tax and accounting standards and difficulties in obtaining information about foreign companies can negatively affect investment decisions. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed.

#### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

#### **Item 10: Other Financial Industry Activities and Affiliations**

##### *Affiliated Companies*

##### ***Waddell & Associates, Inc.***

David Sewall Waddell is the CEO and President of the SEC-registered investment advisory firm, Waddell & Associates, Inc. ("W&A"). From time to time, in this separate capacity, he will offer clients advice or products from those activities. W&A's investment strategy differs significantly from the strategy employed by IHC.

##### ***IronHorse Holdings, LLC***

IHC has offered equity security interest in non-voting shares of IronHorse Holdings, LLC to investors that may include clients of IHC. IronHorse Holdings, LLC is the holding company of IronHorse Capital, LLC. In such a case, IHC clients were advised of IHC's affiliation with IronHorse Holdings, LLC and advised of any potential conflicts of interest. Purchase by IHC clients of the IronHorse Holdings, LLC parent company creates a conflict of interest. IHC has

ensured that it maintains compliance policies pertaining to the fair treatment of all clients to ensure equitable treatment among clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

IHC has adopted a Code of Ethics (the "Code") describing its commitment to high ethical standards of business conduct and its fiduciary duty to clients. Applicable to all supervised persons of the firm, the Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, 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 IHC must acknowledge the terms of the Code annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of IHC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of IHC's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between IHC and its clients. In the event of a material conflict of interest, employees and principals must refrain from purchasing or selling securities that are being actively traded for clients.

Clients or prospective clients may request a copy of the firm's Code by contacting IHC at the number on the cover page of this brochure.

### **B. Recommendations Involving Material Financial Interests**

IHC does not recommend that clients buy or sell any security in which a related person to IHC has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of IHC may buy or sell securities for themselves that they also recommend to clients. IHC will always document any transactions that could be construed as a conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

Representatives of IHC may buy or sell securities for themselves at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

IHC seeks to effect transactions at a price, commission and transaction cost (e.g., mark-up or mark-down) that provides the most favorable total cost or proceeds reasonably attainable under the circumstances. IHC uses the custodian services of Charles Schwab and Company (herein "Schwab"). This custodian was chosen based on their relatively low transaction fees, access to mutual funds and ETFs, ability to execute trades, depth of services provided, back office and processing capabilities, financial stability and responsiveness to IHC. IHC will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

To the best of our knowledge, Schwab seeks the best execution that is reasonably available under current market conditions for client orders. In addition, they must regularly and rigorously evaluate the orders they receive to determine which markets, market makers, or Electronic Communication Networks offer the most favorable terms of execution.

#### **1. *Research and Other Soft-Dollar Benefits***

IHC receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

IHC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

Certain clients may instruct IHC to direct brokerage commissions to particular brokers selected by the client. These clients' accounts are referred to as "Directed Brokerage Accounts." In such circumstances, the client is responsible for negotiating commission rates with their respective broker and therefore may pay a higher or lower commission than the lowest commission negotiated by IHC. A client that directs IHC to use a particular broker should be aware that IHC may not be able to obtain best execution for their transactions and may receive less favorable prices and pay a higher commission rate for executing these transactions. Ultimately, Directed Brokerage Accounts may cost clients more money. Because client-directed trades cannot be aggregated with non-directed trades, Directed Brokerage Accounts will generally

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trade separately and after non-directed clients and may lose the possible advantages (i.e., volume discounts or execution priority) that non-designating clients derive from the aggregating of orders for several clients for the purchase or sale of a particular security. Clients are recommended to utilize the custodian and broker-dealer services of Schwab, however IHC will accommodate client requests for directed brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

When it is appropriate, IHC may aggregate or “block” client orders to achieve more efficient execution. IHC attempts to group its stock trades in blocks as large as possible. In such instances, each client account participating in the aggregate transaction will be charged the average price per unit for the security and transaction costs will be allocated pro rata among clients.

### **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts receive continuous review by H. Kerr Tigrett, President and Chad Cunningham. The review process may contain the following elements:

- A. assessing the client goals and objectives;
- B. valuating the employed strategy(ies);
- C. monitoring the portfolios; and
- D. addressing any needs to rebalance.

Additional account reviews by Mr. Tigrett or Mr. Cunningham may be triggered by any of the following events:

- A. a specific client request;
- B. a change in client goals and objectives;
- C. an imbalance in a portfolio asset allocation; and
- D. market/economic conditions.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive monthly written brokerage reports from their qualified custodian detailing the holdings and transactional activity. In addition to the custodian, IHC may also provide periodic updates to their portfolios to clients.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

IHC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to IHC clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

IHC may compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. IHC is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by IHC and all applicable Federal and/or State laws will be observed. Clients should understand that third party solicitors have an economic incentive to recommend the advisory services of IHC.

IHC has entered into a solicitation agreement with the affiliated investment advisory firm, Waddell & Associates, Inc. As such, IHC will pay a fee to Waddell & Associates, Inc. for client referrals. This referral arrangement is ongoing until such time as referral is no longer a client of IHC. This relationship is fully disclosed to the client and does not result in the client paying any fees in excess of IHC's fee schedule indicated in Item 5

## **Item 15: Custody**

IHC does not maintain custody of client accounts at any time. Client assets must be held by a bank, broker dealer, mutual fund transfer agent or other such institution deemed a "qualified custodian" by the SEC.

Clients will receive account statements from their qualified custodian and should carefully review those statements. IHC urges clients to compare the account statements they receive from their custodian with those they may received from IHC. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities and should be used as a complement to bank statements. The official statement is the custodian bank statement and that is the statement clients should rely on for all purposes.

#### **Item 16: Investment Discretion**

For those client accounts where IHC provides ongoing supervision, IHC maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

#### **Item 17: Voting Client Securities (Proxy Voting)**

IHC has adopted proxy voting policies and procedures designed to vote proxies efficiently and in the best interest of its clients. On a case-by-case basis, the Investment Committee determines the appropriate course of action in voting client securities that is in the best interest of the client. Clients may have specific voting requirements and may communicate their wishes in writing or electronically to IHC. IHC will seek to accommodate such requests as feasible, or the client may retain voting authority separately.

Clients of IHC may obtain a copy of how the firm voted clients' proxies by contacting IHC at the phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of IHC's proxy voting policies and procedures upon request.

#### **Item 18: Financial Information**

##### **A. Balance Sheet**

IHC does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

##### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither IHC nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

##### **C. Bankruptcy Petitions in Previous Ten Years**

Neither IHC nor its management has been the subject of a bankruptcy petition in the last ten years.