

Name of Investment Adviser:

Labrum Capital Advisors, LLC

|                                |                     |          |         |            |            |                   |
|--------------------------------|---------------------|----------|---------|------------|------------|-------------------|
| Address:                       | (Number and Street) | (City)   | (State) | (Zip Code) | Area Code: | Telephone Number: |
| 5650 El Camino Real, Suite 230 |                     | Carlsbad | CA      | 92008      | (760)      | 707-5555          |

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

|  |                               |                     |
|--|-------------------------------|---------------------|
| Applicant:<br>Labrum Capital Advisors, LLC | SEC File Number:<br>801-70378 | Date:<br>01/21/2011 |
|--|-------------------------------|---------------------|

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. **ESTIMATES**  
(See instruction below.)

**Applicant:**

|                                     |  |    |   |
|-------------------------------------|--|----|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....   | 80 | % |
| <input type="checkbox"/>            | (2) Manages investment advisory accounts not involving investment supervisory services .....   | 0  | % |
| <input checked="" type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above .....   | 10 | % |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription. ....  | 0  | % |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any services described above .....   | 0  | % |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | 0  | % |
| <input checked="" type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....  | 10 | % |
| <input type="checkbox"/>            | (8) Provides a timing service .....  | 0  | % |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above .....  | 0  | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?..... Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee;
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable; and
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date.

**2. Types of Clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input checked="" type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        |  |
| <input checked="" type="checkbox"/> (3) foreign issuers   |  |
| <input type="checkbox"/> B. Warrants  | <input checked="" type="checkbox"/> I. Options contracts on:               |
|   | <input type="checkbox"/> (1) securities                                    |
|   | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on:                          |
|   | <input type="checkbox"/> (1) tangibles                                     |
|   | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> (1) real estate                                   |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> (2) oil and gas interests                         |
|   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input checked="" type="checkbox"/> G. Investment company securities:                             | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (1) variable life insurance                                   |  |
| <input checked="" type="checkbox"/> (2) variable annuities  |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                         | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input checked="" type="checkbox"/> Short sales   |  |

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☒ Yes ☐ No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients;
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors); and
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |   |
|--|---|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                          |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm                                 |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency              |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                      |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer            |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited |

(For each checked box, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ☒ Yes ☐ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F your Code of Ethics and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similar termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

*Please see the disclosure set forth on Schedule F to this Form ADV.*

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

*Please see the disclosure set forth on Schedule F to this Form ADV.*

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**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Yes                                 | No                                  |
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients?..... ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... ☒ Yes ☐ No
- B. directly or indirectly compensates any person for client referrals? ..... ☒ Yes ☐ No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☒ No

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

|                              |                  |            |
|------------------------------|------------------|------------|
| Applicant:                   | SEC File Number: | Date:      |
| Labrum Capital Advisors, LLC | 801-70378        | 03/18/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|                            |  |                                     |
|----------------------------|--|-------------------------------------|
| 1.                         | Full name of applicant exactly as stated in Item 1A of Part I of Form Adv:<br>Labrum Capital Advisors, LLC   | IRS Empl. Ident. No.:<br>27-0909398 |
| Item of Form<br>(identify) | Answer   |                                     |
| <b>Item 1</b>              | <b>ADVISORY SERVICES AND FEES</b>  |                                     |
|                            | <p>Labrum Capital Advisors, LLC ("LCA" or the "Adviser") is an investment adviser registered with the Securities &amp; Exchange Commission ("SEC") providing financial planning, consulting, and discretionary and non-discretionary investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. The Adviser, depending upon the engagement, offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management. Alternatively, certain of LCA's investment adviser representatives may offer securities brokerage services and insurance products under a commission arrangement, which may be used to offset the Adviser's fees (as discussed below). Prior to engaging LCA to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with the Adviser setting forth the terms and conditions under which LCA shall render its services (collectively the "Agreement").</p>   |                                     |
| <b>Item 1.D</b>            | <p><b><u>Types of Advisory Services Offered</u></b></p> <p><b>A. Financial Planning and Consulting Services</b></p> <p>The Adviser may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). LCA's approach to providing this service starts with gathering information about the clients' current financial position and objectives. We then assess the client's goals, objectives, time horizon, and risk tolerance to compare where clients are today in relation to the attainment of their stated goals. A comprehensive plan thereafter is prepared to discuss their situation, along with various alternatives for consideration. At the end of the process, the clients will receive education about the alternatives recommended and will have the option of utilizing LCA to implement those plan recommendations.</p> <p>In performing its services, LCA shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify LCA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating, or revising LCA's previous recommendations and/or services.</p> <p>As part of its financial planning or consulting services, LCA may recommend the services of itself, or one of its Associated Persons in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a potential conflict of interest exists if LCA recommends its own investment management services or if an LCA representative recommends products or services offered in such representative's capacity as a registered representative of a broker-dealer. However, in all cases, LCA and its Associated Persons will only make such recommendations if they believe them to be in the best interests of the client. The client is under no obligation to act upon any of the recommendations made by the Adviser under a financial planning/consulting engagement and/or engage the services of any such recommended professional, including the Adviser itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of LCA's recommendations.</p> <p><b>B. Investment Management Services</b></p> <p>As stated above, LCA provides clients with discretionary and non-discretionary investment management services on a continuous basis. The investment advice provided is customizable, with each client's portfolio managed based upon the individual needs, objectives, and other financial goals of the client. Such advice will typically involve providing a variety of services and may include investment buy/sell recommendations, asset allocation, recommendation of independent advisers, and the selection of mutual</p> |                                     |

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funds and/or securities for the client's portfolio. Securities may include, but are not limited to, stocks, bonds, mutual funds, ETFs, limited partnerships or options. Client assets will be held with and traded through a qualified, third-party broker-dealer custodian at all times.

At the onset of the client relationship, LCA memorializes each client's investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information in a Client Profile. Upon completion of the Client Profile, LCA and the client will determine the appropriate portfolio investment strategy based on contents of the Client Profile. Under all circumstances, Clients are responsible for promptly notifying LCA in writing of any material changes in the information furnished by the client in the Client Profile or information that is otherwise material to the client's financial situation, investment objectives, time horizon, risk tolerance and investment strategy or if they wish to impose any reasonable restrictions upon LCA's management services. In the event that a client notifies the Adviser of changes to the information in their Client Profile, LCA will review such changes and recommend any necessary changes to the client's portfolio. The Adviser generally will meet with all clients no less than annually to review the client's investment goals and current advisory portfolios.

The Adviser offers advice on each type of investment described in Part II of Form ADV (Item 3). However, the Adviser intends to primarily allocate its client's investment management assets on a discretionary and/or a non-discretionary basis among exchange traded funds, mutual funds, individual debt and equity securities, options, alternative investments and *Independent Managers* (as defined below) in accordance with the investment objectives of the client.

The Adviser also may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In so doing, LCA either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

The Adviser may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers either directly or through a wrap fee program ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the *Independent Manager(s)* shall be set forth in separate written agreements between (1) the client and the Adviser and (2) the client and the designated *Independent Manager(s)* and/or wrap fee program sponsor. The Adviser shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which the Adviser shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager*. Factors that the Adviser shall consider in recommending *Independent Managers* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Manager*, together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, the Adviser's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by the Adviser, the designated *Independent Manager*, wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian. Any third-party investment adviser used by LCA will be registered as an investment adviser with the appropriate regulator(s).

In addition to the Adviser's written disclosure statement, the client shall also receive the written disclosure statement of the designated *Independent Manager* and wrap fee program sponsor (if applicable). Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than the Adviser. In such instances, the Adviser may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Manager(s)* or wrap fee program sponsor.

If the Adviser refers a client to certain *Independent Managers* where the Adviser's compensation is included in the advisory fee charged by such *Independent Managers* and the client engages those *Independent Managers*, the Adviser shall be compensated for its services by receipt of a fee to be paid



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directly by the *Independent Managers* to the Adviser in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the *Independent Managers'* investment management fee or the program fee of the wrap fee program (as appropriate), and shall not result in any additional charge to the client.

### **Fees for Advisory Services**

#### **A. Financial Planning and Consulting Fees**

LCA charges a fixed fee and/or hourly fee for financial planning and/or consulting services. The Adviser's financial planning and consulting fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis and/or from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the services provided and the professional rendering the financial planning and/or the consulting services. If a client engages LCA for additional investment advisory services, the Adviser may, in its discretion, offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging LCA to provide financial planning and/or consulting services, the client will generally be required to enter into a written agreement with the Adviser setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Adviser commencing services. Generally, LCA requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates the Adviser's financial planning and/or consulting services, the balance of the Adviser's unearned fees (if any) shall be refunded to the client. If termination occurs within five business days of entering into an agreement for such services the client shall be entitled to a full refund.

In addition to financial planning fees charged to the client, the Adviser may earn advisory fees should a client choose to implement all or a portion of the plan through LCA. Similarly, LCA representatives may earn commissions and/or other fees should a client choose to implement all or a portion of the plan through Waveland Capital Partners, LLC (an unaffiliated broker-dealer).

#### **B. Investment Management Fees**

In the event the client determines to engage LCA to provide investment management services, the Adviser shall do so on a fee basis. If engaged, LCA shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Adviser. As discussed in response to Item 12B (below), the Adviser's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, the Adviser shall not receive any portion of these commissions, fees, and costs.

The Adviser's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. For the initial quarter of investment management services, the first quarter's fees shall be calculated on a *pro rata* basis and will be due at the end of the initial quarter. Fees generally range between .30% and 2.00% of assets under management, but such fees are negotiable in the sole discretion of the Adviser.

The annual fee may vary depending upon the market value of the assets under management and the type of investment management services to be rendered. LCA and the client may agree upon a fee to be calculated at a specified percentage of assets under management without regard to increases in asset levels or, in the alternative, the applicable fee may be calculated in accordance with the Adviser's standard fee schedule subject to various breakpoints in asset levels, as set forth below. Please note that the fees set forth in the tables below will be retroactive back to the first dollar when a higher breakpoint has been achieved.

**Equity and Balanced Portfolios**

| <b><u>ASSETS UNDER MANAGEMENT</u></b> | <b><u>ANNUAL FEE</u></b> |
|---------------------------------------|--------------------------|
| up to \$499,999.99 .....              | 1.50%                    |
| \$500,000 + .....                     | 1.35%                    |
| \$1,000,000 + .....                   | 1.20%                    |
| \$2,000,000 + .....                   | 1.00%                    |
| \$5,000,000 + .....                   | 0.80%                    |
| \$10,000,000 + .....                  | 0.60%                    |

**Fixed Income ONLY Portfolios**

| <b><u>ASSETS UNDER MANAGEMENT</u></b> | <b><u>ANNUAL FEE</u></b> |
|---------------------------------------|--------------------------|
| up to \$499,999.99 .....              | 0.65%                    |
| \$500,000 + .....                     | 0.60%                    |
| \$1,000,000 + .....                   | 0.50%                    |
| \$2,000,000 + .....                   | 0.40%                    |
| \$5,000,000 + .....                   | 0.30%                    |
| \$10,000,000 + .....                  | 0.20%                    |

The Adviser, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.). If a client has more than one portfolio under the professional services of the Adviser, the Adviser may elect at its sole discretion to aggregate client portfolios for the purpose of computing management fees.

Clients should be aware that if their portfolio is serviced via a third-party asset manager or “wrap-fee” program, the selected third party manager(s) may charge additional management and/or administration fees. The advisory fees by *Independent Managers* assessed will vary dependent upon the *Independent Manager(s)* selected, the size of the account and the services provided. The fees charged by the *Independent Managers* will include a portion which is delegated to LCA for its advisory services. Typically, this will be deducted from the client’s account with its custodian. For information regarding the *Independent Managers’* minimum account size, requirements, management services and associated advisory and referral fees, please refer to the *Independent Managers’* client disclosure brochure and other materials.

The client is responsible for selecting a qualified custodian for holding portfolio assets. In accordance with the client’s Investment Management Agreement, payment of LCA’s management fees will be made by the qualified custodian directly from the client’s account, unless otherwise noted. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, to the client and the Adviser, showing all disbursements, including LCA’s advisory fees, deducted from the account. The client is encouraged to review all account statements for accuracy.

The client may make additions to and withdrawals from the account at any time, subject to the Adviser’s right to terminate an account. If assets are deposited into an account after the inception of a quarter that exceed \$50,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. However, LCA designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client’s investment objectives.

Additions may be in cash or securities provided that the Adviser reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client’s account. The Adviser may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

**C. Additional Information on General Services and Fees**

The advisory fees charged are not calculated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)). Although LCA believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Clients should understand that the financial planning and management fees described in the sections above do not include certain charges imposed by third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Clients should further understand that such charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by LCA. LCA does not share in any of these fees but may elect at its option, to bear the cost of certain transactions under certain circumstances.

**Termination of Client Agreements**

A copy of the Adviser's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or contemporaneously with the execution of the *Agreement*. Any client who has not received a copy of the Adviser's written disclosure statement at least forty-eight (48) hours prior to executing the *Agreement* shall have five (5) business days subsequent to executing the agreement to terminate the Adviser's services without penalty.

Thereafter, the *Agreement* between the Adviser and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. The Adviser's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner. Neither the Adviser nor the client may assign the *Agreement* without the consent of the other party. Transactions that do not result in a change of actual control or management of the Adviser shall not be considered an assignment.

**Item 3**

**TYPES OF INVESTMENTS**

In addition to the types of investments indicated under Item 3 to Form ADV Part II, the Adviser may also provide advice about exchange traded funds (ETFs) and any type of investment held in a client's portfolio at the beginning of the advisory relationship.

**Item 3K(3)**

Depending on the sophistication, risk tolerances, and qualification of the client, LCA may recommend as part of the client's overall investment portfolio, that a portion of assets be invested in private investment funds, including, without limitation, hedge funds, real estate investment funds and private equity funds (commonly referred to as "private placements"). The Adviser may recommend that clients that are "accredited investors" as defined in Rule 501 under the Securities Act of 1933, as amended (the "Securities Act"), invest in private placement securities offered in accordance with Regulation D, which may include debt, equity, and/or pooled investment vehicles when consistent with the client's investment objectives. When the Adviser recommends that the client invest in private placement securities, the Adviser shall receive no additional compensation but shall continue to receive applicable investment advisory fees on the client's assets under management.

Private placements may present special risks for LCA's clients, including without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, private placements may not be suitable for all LCA clients and will be offered only to those qualifying clients for whom an investment therein is determined to be suitable. Please read the offering or private placement memorandum prior to investing.

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| <b>Item 3L</b> | <p>Additionally, as discussed in Item 1.D above, LCA may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain <i>Independent Manager(s)</i>, based upon the stated investment objectives of the client. The Adviser shall continue to render services to the client relative to the discretionary and/or non-discretionary selection of <i>Independent Manager(s)</i> as well as the monitoring and review of account performance and client investment objectives.</p>   |
| <b>Item 4</b>  | <p><b>METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES</b></p> <p>Generally, the Adviser uses a variety of analytical information to assist with its security analysis. Such information may include fundamental and technical analysis, and from time to time cyclical analysis. The primary sources of information used by LCA include market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, SEC filings and company press releases.</p> <p>As noted above, LCA may invest its clients' assets with <i>Independent Managers</i> that pursue investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors and securities. When selecting an <i>Independent Manager</i> for a client, the Adviser shall review information about the <i>Independent Manager</i> such as its disclosure statement and/or material supplied by the <i>Independent Manager</i> or independent third parties for a description of the <i>Independent Manager's</i> investment strategies, past performance and risk results to the extent available.</p>  |
| <b>Item 5</b>  | <p><b>EDUCATION AND BUSINESS STANDARDS</b></p> <p>All individuals that render investment advisory services on behalf of the Adviser must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.</p>   |
| <b>Item 6</b>  | <p><b>EDUCATION AND BUSINESS BACKGROUND</b></p> <p><b>JASON LABRUM, CFP®</b><br/> Born 1975<br/> <i>Post-Secondary Education:</i><br/> San Diego State University – 1998, BA, Communication<br/> <i>Recent Business Background:</i><br/> Labrum Capital Advisors, LLC, President, 09/2009 – Present<br/> Waveland Capital Partners, LLC, Registered Representative, 08/2010 - Present<br/> Purshe Kaplan Sterling Investments, Inc., Registered Representative, 9/2009 – 08/2010<br/> Morgan Stanley Smith Barney, Vice President – Wealth Management, 10/2003 – 09/2009<br/> Merrill Lynch, Financial Advisor, 06/1998 – 09/2003</p> <p><b>RICHARD LABRUM</b><br/> Born 1946<br/> <i>Post-Secondary Education:</i><br/> Arizona State University – 1969, BA, Business Administration<br/> <i>Recent Business Background:</i><br/> Labrum Capital Advisors, LLC, CCO / Vice President – Wealth Advisor, 11/2009 – Present<br/> Waveland Capital Partners, LLC, Registered Representative, 08/2010 - Present<br/> Purshe Kaplan Sterling Investments, Inc., Registered Representative, 11/2009 – 08/2010<br/> Morgan Stanley Smith Barney, Vice President – Wealth Management, 10/2003 – 11/2009</p> <p><b>SEAN MOORE, CFP®</b><br/> Born 1961<br/> <i>Post-Secondary Education:</i><br/> San Diego State University – 1988, BA, Economics<br/> <i>Recent Business Background:</i><br/> Labrum Capital Advisors, LLC, Senior Portfolio Manager, 09/2009 – Present</p> |

Waveland Capital Partners, LLC, Registered Representative, 08/2010 - Present  
Purshe Kaplan Sterling Investments, Inc., Registered Representative, 9/2009 – 08/2010  
Merrill Lynch, Pierce, Fenner & Smith, Inc., Financial Advisor, 08/2000 – 08/2009

**DARCY JONES, CFP®**

Born 1969

*Post-Secondary Education:*

University of California, Riverside – 2003, BA, Business Administration

*Recent Business Background:*

Labrum Capital Advisors, LLC, Wealth Advisor, 11/2009 – Present

Morgan Stanley Smith Barney, Financial Advisor, 06/2009 – 12/2009

Citigroup Global Markets Inc., Financial Advisor, 10/2003 – 06/2009

Merrill Lynch, Pierce, Fenner & Smith, Inc., Financial Advisor, 05/2003 – 11/2003

**JORDAN SMITH**

Born 1984

*Post-Secondary Education:*

San Diego State University – 2007, BA, Economics

*Recent Business Background:*

Labrum Capital Advisors, LLC, Operations Associate, 9/2009 – Present

Waveland Capital Partners, LLC, Registered Representative, 08/2010 - Present

Purshe Kaplan Sterling Investments, Inc., Registered Representative, 9/2009 – 08/2010

Morgan Stanley Smith Barney, Registered Client Service Associate, 06/2009 – 9/2009

Citigroup Global Markets Inc., Registered Client Service Associate, 02/2007 – 06/2009

**CLAYTON S WILLITS**

Born 1952

*Post-Secondary Education:*

*Recent Business Background:*

Labrum Capital Advisors, LLC, Independent Contractor, 9/2009 – Present

Miller & Willits Accountants, Inc., CPA/Officer, 12/2002 - Present

Jet Source, Inc, CFO, 05/2001 – 11/2002

Clayton Willits, CPA, 05/1999 – 04/2001

**Item 7**

**OTHER BUSINESS ACTIVITIES**

As discussed in response to Item 1D above, LCA may provide its clients with a broad range of comprehensive financial planning and/or consulting services (which may include non-investment related matters). The Adviser may charge a separate fee for these services which shall be agreed upon prior to rendering the services.

Additionally, certain representatives of LCA, in their individual capacities, are also licensed insurance agents with various insurance companies or are registered representatives of Waveland Capital Partners, LLC. (“WAVELAND”), a securities broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority (“FINRA”). In this capacity, and pursuant to client instruction, these individuals may transact in various types of insurance products or securities and may receive separate and typical commissions or fees for doing so. While the Adviser does not sell such insurance products to its investment advisory clients, the Adviser does permit its investment adviser representatives, in their individual capacities, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that the LCA representative recommends the purchase of insurance products or securities where the LCA representative receives commissions or other additional compensation. Please see Item 9 below for additional information. LCA clients are not obligated to implement recommended transactions through any particular insurance company or broker-dealer or to purchase such products or services.

Although the officers and employees of LCA will devote as much time to the business and affairs of the Adviser as they believe is necessary to deliver the financial planning, consulting, and investment management services described herein, they may devote a portion of their time to these other businesses

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|                 | activities.   |
| <b>Item 8</b>   | <b>OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS</b>  |
| <b>Item 8.D</b> | <p>As indicated in response to Item 8.D above, LCA serves as the sole general partner to the Cottonwood Diversified Growth LP Fund, a limited partnership under the Revised Uniform Limited Partnership Act of the State of Delaware.</p> <p>The Fund's principal investment objective is to achieve long-term capital growth while lowering volatility and preserving capital in down markets. The Fund seeks to achieve its objective through diversification across multiple asset classes and by allocating the Fund's assets among domestic and international stocks, bonds, and short-term instruments, as well as investments in precious metals, currencies, real estate, private equity, and energy. LCA determines the Fund's macro allocation strategy by identifying global economic and market trends and identifies specific holdings using its proprietary screening process consisting of both fundamental and technical analysis. However, the Fund is flexible, and portfolio characteristics can be adjusted in order to respond to changing market conditions. LCA has the authority to shift along style, capitalization, regional, country, sector and strategy lines and from a net long position to a net short position. LCA may use index products and options as part of its investment program.</p> <p>To effect the Fund's investment program, LCA generally invests the Fund's assets directly in the securities markets. However, the Fund may also pursue its investment objectives by investing all or a portion of its assets in a "Master Fund" that will conduct those investment activities. In that event, the Master Fund will be owned by the Fund and one or more other investment vehicles (such as an offshore investment vehicle) LCA manages with the same investment objectives as those of the Fund. The Master Fund will be managed by LCA (or an affiliate of the General Partner) and its only activities will be the investment of the Fund's and those other investment vehicles' assets in accordance with the investment objectives.</p> <p>The Fund is offering limited partnership interests ("Interests") to a limited number of sophisticated individuals and entities who are "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as amended. LCA reserves the right to impose additional requirements for subscription by particular types of investors and may decline to accept any prospective investor's subscription and may decline to admit an investor even if such investor meets such suitability requirements. A subscription to purchase Interests should be considered only by sophisticated and accredited investors who understand the risks involved in an investment including the possibility that such investors may lose a part or all of their investment.</p> |
| <b>Item 9</b>   | <b>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b>   |
| <b>Item 9.B</b> | <p>In the event the client desires, the client can engage certain persons associated with the Adviser (but not the Adviser) to render securities brokerage services under a commission arrangement. Under this arrangement, the client may implement securities transactions through certain of LCA's investment adviser representatives, in their respective individual capacities as registered representatives of Waveland Capital Partners, LLC. ("WAVELAND"), an SEC registered broker-dealer and member of FINRA. Brokerage commissions may be charged by WAVELAND to effect these securities transactions and thereafter, a portion of these commissions may be paid by WAVELAND to such representatives. Prior to effecting any transactions, the client will be required to enter into a new account agreement with WAVELAND. The brokerage commissions charged by WAVELAND may be higher or lower than those charged by other broker-dealers. In addition, certain of LCA's <i>Advisory Affiliates</i> (as applicable), may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. While the Adviser does not sell such securities products to its investment advisory clients, the Adviser does permit its associated persons, in their individual capacities as registered representatives of WAVELAND, to sell securities products to its investment advisory clients. A conflict of interest exists to the extent that the Adviser recommends the purchase of securities where the Adviser's associated persons receive commissions or other additional compensation as a result of the Adviser's recommendations.</p> <p>For accounts covered by ERISA (and such others that the Adviser, in its sole discretion deems appropriate), the Adviser may modify the foregoing commission arrangement to allow for its investment</p>  |

Applicant:

Labrum Capital Advisors, LLC

SEC File Number:

801-70378

Date:

01/21/2011

**Item 9.D**

advisory services to be rendered on a fee-offset basis. In this scenario, LCA may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Adviser's *Advisory Affiliates* in their individual capacities as registered representatives of *WAVELAND*.

As indicated in response to Item 9.D above, LCA recommends to clients that they buy or sell securities or investment products in which LCA or a related person has some financial interest. LCA is the sole general partner for The Cottonwood Diversified Growth LP Fund, a limited partnership under the Revised Uniform Limited Partnership Act of the State of Delaware.

Subject to LCA's right to receive an Incentive Allocation, any net capital appreciation or net capital depreciation (both realized and unrealized) for each fiscal period (or shorter period in certain circumstances) will be allocated to the capital accounts of all the Partners (including LCA) in proportion to their respective opening capital account balances for such accounting period.

In addition to receiving a proportionate share of the Fund's profits and losses based on its capital account balance, LCA can receive an "Incentive Allocation," generally calculated and made as of the close of business on the last day of each fiscal year, equal to 20% of any net capital appreciation allocated to a Limited Partner's capital account (after reducing net capital appreciation for the Management Fee deducted from such Limited Partner's capital account) for such year. The Incentive Allocation is also calculated and made (if appropriate) when a Limited Partner is permitted or required, in the General Partner's discretion, to fully withdraw from the Fund other than as of the end of a fiscal year, but only as to the Partner making the withdrawal. LCA may vary or waive the Incentive Allocation as to particular Limited Partners by separate agreement, in the sole discretion of LCA.

The Incentive Allocation is subject to "High Water Mark" procedure such that no reallocation will be made to LCA with respect to a Limited Partner until prior net losses, if any, allocated to the Limited Partner have been recouped. This prevents LCA from receiving an Incentive Allocation on Net Profit that simply restores prior Net Loss. This is accomplished through the maintenance of a memorandum loss recovery account (a "Loss Recovery Account") for each Limited Partner, the opening balance of which will be zero. LCA will not be allocated any Incentive Allocation with respect to a Limited Partner's capital account until such Limited Partner has recovered any net capital depreciation debited to its Loss Recovery Account. Once made, an Incentive Allocation will not be reduced by losses incurred in later periods.

**Item 9.E**

The Adviser and persons associated with the Adviser ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with the Adviser's policies and procedures.

**Code of Ethics  
Summary**

The Adviser has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Adviser or any of its associated persons. The *Code of Ethics* also requires that certain of the Adviser's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact the Adviser to request a copy of its *Code of Ethics*. Unless specifically permitted in the Adviser's *Code of Ethics*, none of the Adviser's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Adviser's clients.

When the Adviser is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Adviser is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by

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|                  | mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.  |
| <b>Item 10</b>   | <p><b>CONDITIONS FOR MANAGING ACCOUNTS</b></p> <p>The Adviser does not impose a minimum portfolio size or minimum annual fee. However, LCA reserves the right to accept or decline a potential client for any reason in its sole discretion.</p> <p>Certain <i>Independent Managers</i> may impose more restrictive account requirements and varying billing practices than the Adviser. In such instances, the Adviser may alter its corresponding account requirements and/or billing practices to accommodate those of the <i>Independent Manager</i> or wrap fee program sponsor.</p>  |
| <b>Item 11</b>   | <b>REVIEW OF ACCOUNTS</b>  |
| <b>Item 11.A</b> | <p><u><a href="#">Reviews</a></u></p> <p>For those clients to whom the Adviser provides investment management services, the Adviser monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom the Adviser provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Adviser’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Adviser and to keep the Adviser informed of any changes thereto. The Adviser shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.</p>  |
| <b>Item 11.B</b> | <p><u><a href="#">Nature and Frequency of Reports</a></u></p> <p>Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom the Adviser provides investment advisory services will also receive a report from the Adviser that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time.</p> <p>Those clients to whom LCA provides financial planning and/or consulting services will receive reports from the Adviser summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Adviser.</p>   |
| <b>Item 12</b>   | <b>INVESTMENT OR BROKERAGE DISCRETION</b>  |
| <b>Item 12.A</b> | <p><u><a href="#">Discretionary Authority</a></u></p> <p>LCA provides discretionary and non-discretionary investment management services. In exercising its discretionary authority, the Adviser will normally determine: (1) the type of securities to be bought and sold, (2) the dollar amounts of the securities to be bought and sold, (3) whether a client’s transaction should be combined with those of other clients and traded as a “block,” and (4) in some cases the commission rates and/or transactions costs paid to effect the transactions, without first obtaining client’s permission for each transaction. Clients agree to this upon their signature of LCA’s Discretionary Investment Management Agreement.</p> <p>For accounts where LCA has agreed to provide non-discretionary investment management services, LCA will contact the client prior to placing any transactions in the client’s account. For clients that are receiving financial planning or consulting services on a non-discretionary basis, LCA will make recommendations to the client regarding the purchase or sell of securities or other assets that they consider to be in the best interest of the client. The client has full discretion to accept or reject the Adviser’s recommendations and is responsible for implementing any accepted recommendations with any broker-dealer the client’s chooses.</p> |



All Clients are required to establish custodial accounts with a qualified custodian of record. Generally, LCA generally recommends Charles Schwab & Co., Inc. ("*Schwab*") for custodial services, but Clients are permitted to select another custodian. LCA may only implement its investment management recommendations after the client has arranged for and furnished LCA with all information and authorization regarding accounts with appropriate financial institutions to act as custodian. In addition, in most cases, a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Except as provided for in any applicable wrap fee program, the brokerage commissions and/or transaction fees charged by *Schwab* or any other designated broker-dealer are exclusive of and in addition to the Adviser's fee.

#### Factors Considered When Selecting Broker-Dealers

Factors which LCA considers in recommending *Schwab* or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. *Schwab* enables the Adviser to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other broker-dealers.

When performing Investment Management Services, LCA generally affects all transactions for Client accounts through the broker-dealer custodian. LCA periodically evaluates the commissions charged and the service provided by the custodian and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors the Adviser may consider when evaluating its choice of custodian include:

- Ability to trade mutual funds and other investments that the Adviser determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Excellent customer service;
- Interaction simplicity with the Adviser;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who select broker-dealers not recommended by LCA, clients should be aware that LCA may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and that LCA will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution.

#### Best Execution

The commissions paid by the Adviser's clients shall comply with the Adviser's duty to obtain "best execution." If the client requests LCA to arrange for the execution of securities brokerage transactions for the client's account, the Adviser shall direct such transactions through broker-dealers that LCA reasonably believes will provide best execution. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Adviser will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

To ensure that brokerage firms recommended by LCA are conducting overall best qualitative execution,

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LCA will periodically (and no less often than annually) evaluate the trading process and brokers utilized. the Adviser's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability. Clients have no obligation to open accounts with such custodial broker-dealers as the Adviser may recommend.

As discussed above, certain investment adviser representatives of the Adviser, in their respective individual capacities, are registered representatives of *WAVELAND*. These persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *WAVELAND* provides written consent. Therefore, clients are advised that certain investment adviser representatives may be restricted to conducting securities transactions through *WAVELAND* unless they first secure written consent from *WAVELAND* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *WAVELAND*, these investment adviser representatives are prohibited from executing securities transactions through any broker-dealer other than *WAVELAND* under *WAVELAND*'s internal supervisory policies. Prior to effecting any transactions, the client will be required to enter into a new account agreement with *WAVELAND*. The brokerage commissions charged by *WAVELAND* may be higher or lower than those charged by other broker-dealers. LCA is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

#### Directed Brokerage

The client may direct the Adviser in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Adviser (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Adviser may decline a client's request to direct brokerage if, in the Adviser's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

#### Trade Aggregation and Allocation

Transactions for each client generally will be effected independently, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. LCA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Adviser's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that LCA determines to aggregate client orders for the purchase or sale of securities, including securities in which LCA's *Advisory Affiliates* may invest, the Adviser shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. LCA shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Adviser determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale

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allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Adviser may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### Soft Dollar Considerations

Except for the indirect benefits that LCA may receive from *Schwab*, which may be deemed to fall outside the safe harbor of Section 28(e) of the Exchange Act ("Section 28(e)"), LCA's general policy is to comply with the provisions of Section 28(e) when entering into soft dollar arrangements. Section 28(e) generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist LCA in its investment decision-making process. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Adviser determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

Such research generally will be used to service all of the Adviser's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

There may be cases when the Adviser may receive both non-research (e.g. administrative or accounting services etc.) and research benefits from the services provided by Schwab or other broker-dealers. If and when this happens, LCA will make a good faith allocation between the non-research and research portion of the services received, and will pay "hard dollars" (i.e. LCA will pay from their own monies) for the non-research portion. In making a good faith allocation between research services and non-research services, a conflict of interest may exist by reason of LCA's allocation of the costs of such services and benefits between those that primarily benefit the Adviser and those that primarily benefit clients. LCA strives to always put the client's interests first.

#### Item 13

#### ADDITIONAL COMPENSATION

##### Item 13.A

As discussed in Item 12 above, LCA generally recommends that clients use *Schwab* as their custodian and broker of record. While there is no direct link between the investment advice given to clients and LCA's recommendation to use *Schwab* as their custodian, certain benefits are received by LCA due to this arrangement. For example, the Adviser may receive from *Schwab*, without cost to the Adviser, computer software and related systems support, which allow the Adviser to better monitor client accounts maintained at *Schwab*. The Adviser may receive the software and related support without cost because the Adviser renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit the Adviser, but not its clients directly. In fulfilling its duties to its clients, the Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Adviser's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence the Adviser's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Adviser may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to a real time order matching system; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to an electronic communication network for client order entry and account information; 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 through 'soft dollar' arrangements.

As stated at Item 1.D above, LCA may recommend that clients utilize the services of certain *Independent*

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|-----------------------------------|--|
| <p><b>Item 13.B</b></p>           | <p><i>Managers</i> with whom LCA has established a referral relationship. Such referral relationship may result in the Adviser receiving a portion of the fees earned by such investment managers in connection with the investment made by the referred client. Prior to making an investment with an <i>Independent Manager</i> from whom LCA receives a referral fee, each client will be furnished with the relevant <i>Independent Manager's</i> Form ADV Part II or equivalent disclosure document. Any referral fee earned is in accordance with the requirements for Rule 206(4)-3 of the Advisers Act or corresponding state securities law requirements. The fees payable to LCA in connection with such referral relationships are payable out of the fees earned by such <i>Independent Managers</i> and will not result in additional charge to the client. However, since such compensation may differ depending on the agreement with each <i>Independent Manager</i>, LCA may have an incentive to recommend one third-party adviser over another if the compensation arrangements are more favorable. This presents a potential conflict of interest between the interests of LCA and the interests of the clients.</p> <p>As registered representatives of Waveland Capital Partners, LCA's Investment Adviser Representatives may receive 12b-1 distribution fees, commissions and/or other compensation from investment companies for the placement of client funds into investment company shares or for the sale of other products (including insurance). In most cases, LCA will recommend products to the advisory clients that are available through Waveland Capital Partners, LLC on which the LCA representatives may receive commissions, if such products are found to be suitable for such client objectives. This is fully disclosed to the client at the time of entering into an advisory contract.</p> <p>While LCA and its representatives endeavor at all times to put the interest of the clients first as part of LCA's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations.</p> <p><b><u>Compensation for Client Referrals</u></b></p> <p>If a client is introduced to LCA by either an unaffiliated or an affiliated solicitor, the Adviser may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Adviser's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to LCA by an unaffiliated solicitor, the solicitor shall provide the client with a copy of LCA's Form ADV Part II or other written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. The solicitor is required to obtain the client's signature acknowledging receipt of LCA's disclosure brochure and the solicitor's written disclosure statement. Any affiliated solicitor of the Adviser shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of LCA's Form ADV Part II or other written disclosure brochure at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, LCA has developed internal controls for ensuring its IARs are registered as required.</p> |
| <p><b>Proxy Voting Policy</b></p> | <p>LCA does not accept proxy voting authority with respect to client securities holdings. Consequently, all proxy solicitations related to securities held in client accounts will be sent directly to clients for voting. In the event a proxy solicitation is sent to LCA on behalf of a client, LCA will forward the solicitation to the client's address of record immediately so that the client may cast the proxy vote.</p>   |
| <p><b>Privacy Notice</b></p>      | <p style="text-align: center;"><b>LABRUM CAPITAL ADVISORS, LLC<br/>PRIVACY NOTICE</b></p> <p>The purpose of this notice is to inform you of Labrum Capital Advisors, LLC's policies for protecting our clients' personal financial information and to comply with federal laws, including Securities and Exchange Commission regulations.</p> <p><b>Our Commitment to Your Privacy.</b><br/>Labrum Capital Advisors, LLC ("LCA") is committed to recognizing and respecting the expectations and</p>   |

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rights you have regarding the handling of your personal information. LCA's highest priority is to maintain our clients' trust and confidence and we are committed to protecting the confidentiality of your personal financial information. Client confidentiality is a professional obligation that is of utmost importance to us.

#### **Information Collected.**

LCA collects certain non-public personal information from our clients in connection with providing investment advisory services. We use this information to identify our clients, to protect and administer client accounts and records, to help us provide superior services to our clients and to comply with applicable laws and regulations. Information is collected from:

- Account Applications (including name, address, social security numbers, income, assets, investments);
- Client Transactions (with us and others with whom we work to provide you with diverse financial products and services); and
- Verification Processes (with regard to your application, including current or past employers, financial institutions, credit reporting agencies, etc.).

#### **Protection of Your Non-Public Personal Information.**

It is imperative for LCA to keep your confidential information secure. We restrict access to your non-public personal information to only those employees and agents who need to know that information in order to develop, support, offer and provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information and we regularly update these safeguards as necessary to respond to changing requirements and advances in technology. In addition, for employees who leave the firm, we take security precautions to help ensure your information remains protected. For more information, please contact us.

#### **Information Disclosed.**

We do not sell, share, transfer or disclose your non-public personal information to nonaffiliated third party marketing companies (i.e. companies that market their own or other companies' services to you on an unsolicited basis). In the event that LCA desires to sell, share, transfer, or otherwise disclose nonpublic personal information about a consumer to or with any nonaffiliated third party marketers, we are required to first obtain your explicit prior consent on a separate form, statement or writing that clearly and conspicuously describes the effect of signing and gives you the opportunity to consent to LCA's sharing such information with nonaffiliated third parties.

However, we may disclose all of the information we collect, as described above, to companies that perform marketing or other services on our behalf, or to other financial institutions with whom we have agreements to perform certain services in relation to your account. All of these companies are contractually obligated to keep the information that we provide to them confidential and to use the information only for the services required and allowed by applicable law or regulation. These companies are not permitted to share or use the information for any other purpose.

Please note that we are permitted to share information as necessary to allow us to follow the law and to provide required services to your account with us. For example:

- LCA may disclose non-public personal information about you in connection with the transfer of your account to another financial institution at your request or the request of your representative.
- In addition, LCA may disclose non-public personal information about you under circumstances as permitted or required by law. These disclosures typically include information necessary to process transactions on your behalf, to conduct our operations, to follow your instructions as you authorize, or to protect the security of our financial records.

As we provide services to you, we are permitted by law to share non-public personal information within our company and with affiliates relating to our transactions or experience with you, including, but not limited to account balances or payment history.

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

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**Former Customers.**

If you close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

LCA reserves the right to change this policy at any time. We will timely notify our clients if any changes occur.

Please contact us at (760) 707-5555 if you have any questions relating to this notice. Thank you.