

Item 1 – Cover Page

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This “Brochure” provides information about the qualifications and business practices of Breithorn Capital Management, LLC [“BCM”]. If you have any questions about the contents of this Brochure, please contact us at (212) 487-4960. 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.

BCM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Breithorn Capital Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to Clients as required by SEC Rules. This brochure dated as noted in Item 1 is a new document prepared according to the SEC’s new requirements and rules. As such, this brochure is materially different in structure than the Form ADV Part II (the “Old Part II”) previously delivered to Clients and requires different information than our Old Part II provided. In the future, this Item 2 will detail only specific material changes that are made to this brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

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Item 4 – Advisory Business

Breithorn Capital Management LLC (“BCM”) provides investment supervisory services which consist of management of securities portfolios including stocks, bonds, convertible securities and cash investments for individuals, pooled investment vehicles or other institutional clients (the “Clients”). BCM has been in business since December, 2008. As of December 31, 2010, BCM manages \$141,100,000.00 in discretionary assets.

Item 5 – Fees and Compensation

The basic fee Schedule per annum is as follows:

<u>Assets under Management</u>	<u>Fee</u>
First \$25 million	1.00%
Balances above \$25 million	Negotiable

Fees may vary from the applicable schedule above due to the particular circumstances of the Client or as otherwise negotiated with particular Clients. Clients whose assets are invested in money market funds where a management fee is assessed as a Client expense, may be paying an advisory fee to the investment manager as well as the money market fund manager. Fees are billed quarterly in arrears based on market values at quarter-end. Invoices are sent to the Client quarterly and they choose whether to pay directly or have their custodian make a payment from their account. BCM’s services are terminable by either party on a monthly basis with 30 days written notification.

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

BCM may, from time to time, receive a performance-based or fulcrum fee. Any performance-based fee will comply in full both with provisions of Rules 205-2 and 205-3 promulgated by the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”).

Item 7 – Types of Clients

BCM’s Clients consist mainly of high net worth individuals, trusts and pooled family vehicles.

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

BCM offers investment advisory services focused on active management of small capitalization, mid capitalization, and large capitalization equities. The firm offers two distinct strategies to clients: the Value Equity strategy (“VE”) and the Total Return Equity strategy (“TRE”).

Accounts managed in the VE principally invest in public equity securities that BCM believes are trading at a discount to intrinsic value and for which there is a catalyst to unlock shareholder value. The majority of the holdings in the VE are small and mid capitalization domestic equities.

Accounts managed in the TRE principally invest in public equity securities that BCM believes exhibit strong fundamental and financial characteristics and provide a high and potentially growing income stream. In addition, the strategy seeks to offer lower volatility than the broad equity market. The majority of the holdings in the VE are large capitalization equities.

In executing the VE and TRE strategies, BCM invests primarily in publicly traded equity securities of domestic and foreign issuers, but will at times also invest in bonds, convertible securities and cash and cash equivalents.

BCM may also invest in warrants, options, and other derivative instruments and may make short investments for certain Clients for hedging or other purposes. However, these methods will not be used for accounts in the VE or TRE strategies which are both long-only.

BCM conducts fundamental research on all investments, including assessments of a company's business and financial prospects and the valuation of its securities. Additionally, BCM employs various measures to assess risk at both the portfolio and individual security levels in an effort to manage downside exposure.

The sources of information utilized by BCM in its due-diligence include, but are not necessarily limited to, regulatory filings, quantitative databases, news services, trade journals and trade shows, market strategists, consultants, industry contacts and conversations with corporate managements.

Principal Risks

The risks associated with BCM's investment strategies include, but are not necessarily limited to, the following:

- the risk that you could lose all or portion of your initial investment;
- the risk that certain stocks selected for your portfolio may decline in value more than the overall stock market;
- the risk that investment strategies employed by BCM may not result in an increase in the value of your investment or in overall performance equal to other investments;
- the risk that asset allocation to a particular strategy does not reflect actual market movement or the effect of economic conditions;
- the risk of investing in small- to mid-capitalization companies whose performance can be more volatile and who face greater risk of business failure, which could increase the volatility of a Client's portfolio;
- the risk that BCM may have difficulty selling small- to mid-capitalization securities during a down market due to lower liquidity;
- the risk of interest rate fluctuation in connection with investments in bonds or other fixed-income securities, which may materially decrease the value of those fixed income securities;
- the risk that an issuer of fixed-income securities will not make timely payments of principal and interest (credit risk);

- there is no assurance the U.S. Government will provide financial support on securities issued or guaranteed by the U.S. Government, its agencies and instrumentalities;
- the risk that political, social or economic instability in foreign developed and emerging markets may cause the value of Clients' investments in foreign securities to decline;
- currency-rate fluctuations due to political, social or economic instability may cause the value of Clients' foreign investments to decline; and
- the risk of loss if the value of a security sold short increases prior to the scheduled delivery date, since a Client account must pay more for the security than it has received from the purchaser in the short sale.

Item 9 – Disciplinary Information

BCM has no disciplinary information to report at this time.

Item 10 – Other Financial Industry Activities and Affiliations

BCM has no other financial industry activities or affiliations to disclose.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions

BCM and its related persons may buy or sell the same securities as held in Client portfolios, in compliance with BCM's Code of Ethics. The Code of Ethics currently restricts employees from buying or selling the same or related securities for personal accounts that a Client account trades during the period beginning one business day prior and ending one business day after the trade made for a Client account, unless permitted by Mr. Ulrich. All security transactions by employees are reviewed by Mr. Ulrich to guard against conflicts of interest with Client accounts.

Code of Ethics

BCM has adopted a Code of Ethics (the "Code") which sets forth standards of business conduct for BCM and its Supervised Persons, which include all employees and other persons providing investment advice on behalf of BCM and others designated by BCM's chief compliance officer ("CCO"). The Code is based on the principle that BCM and its Supervised Persons have a fiduciary duty to act in the best interest of BCM's Clients.

The duties of Supervised Persons under the Code are summarized below:

- Supervised Persons are required to submit to the CCO a quarterly report listing their securities holdings and submit duplicate copies of trade confirmations and brokerage statements (unless a specific exemption applies). The reports of the CCO are submitted to the Managing Member.
- The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal holdings and trading reports, preclearance of transactions and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

- Supervised persons are subject to trading restrictions on their personal accounts and generally may not trade the same or a related security that was traded by BCM in a Client account during the period beginning one business day prior and ending one business day after the security is traded by BCM for a Client account, unless approved by Mr. Ulrich.
- Supervised Persons are also subject to restrictions on participating in initial public offerings and the right of BCM to require them to disgorge any profits from a transaction deemed, after the event, to conflict with Client interests.
- Supervised Persons must comply with the federal securities laws, certify they have read and understand the Code and BCM's Compliance Manual and report any violations of the Code to the CCO.
- The Code sets forth limitations on Supervised Persons receiving gifts from third parties and prohibits Supervised Persons from soliciting gifts from third parties with which BCM conducts or could conduct business.
- Supervised Persons are prohibited from trading either in their personal accounts or Client accounts on the basis of material non-public information.

Clients and prospective Clients may request a copy of the Code by writing to Breithorn Capital Management, LLC, 509 Madison Avenue, 16th Floor, New York, NY 10022, Attention Mr. Adrian Ulrich.

Item 12 – Brokerage Practices

It is BCM's policy, consistent with investment considerations, to seek the most favorable price and execution for brokerage orders. Most favorable execution is a combination of commission rates and prompt, reliable execution. If the Client has negotiated the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by the Custodian and that Client is satisfied with such terms and conditions BCM will be unable to obtain most favorable execution. Manager shall not have any responsibility for obtaining for the Account from the Custodian the best prices or any particular commission rates for transactions with or through the Custodian. Client recognizes that Client may not obtain rates as low as it might otherwise obtain if Manager had discretion to select broker-dealers other than those chosen by Client.

Clients shall be responsible for all expenses related to trading the assets of the Account, including, but not limited to, interest on margin borrowing, dividends payable with respect to Securities sold short, custodial fees, brokerage commissions, bank service fees, and interest on Account-related loans and debit balances.

For relatively large trades involving difficult executions, commission rates are not usually a major factor in achieving most favorable price and execution. When selecting a brokerage firm BCM will consider its execution capabilities, including block positioning, financial stability, ability to maintain confidentiality, delivery and ability to obtain best price and execution. Commissions on all brokerage transactions are subject to negotiation. Negotiated commissions take into account the difficulty involved in execution, the

time taken to conclude the transaction, the extent of the broker's commitment, if any, of its own capital and the amount involved in the transaction. On relatively smaller trades involving little difficulty of execution, commission rates can be a major factor in achieving most favorable price and execution. BCM generally compares the commission discount which an executing broker offers to the discounts offered by the other brokerage firms that could provide similar services. Brokers may be paid an above-average commission for superior or difficult execution. The Managing Member and CCO will periodically review the performance of brokers and dealers used by Company.

Consistent with the policy of seeking the most favorable price and execution, BCM may consider the research capabilities of various brokerage firms including the reputation and standing of their analysts and their investment strategies, timing, accuracy of statistical information and idea generation. BCM may enter into one or more arrangements to use Client brokerage commissions to pay for research and other services used by BCM. Paying for such research and services with Client commissions is considered payment with "soft dollars." Because many of these services could benefit BCM, BCM may have a conflict of interest in allocating Client brokerage business. Under Section 28(e) of the Securities Exchange Act of 1934, BCM's use of the Client's commission dollars to acquire research products and services is not a breach of BCM's fiduciary duty to the Client—even if the brokerage commissions paid are higher than the lowest available—as long as (among certain other requirements) BCM determines that the commissions are reasonable compensation for both the brokerage services and the research acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to BCM in making investment decisions for its Clients. BCM may select a broker-dealer that furnishes BCM directly or through correspondent relationships with research (including third party research) or other services which provide, in BCM's view, appropriate assistance to BCM in the investment decision-making process. Such research or other services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; and recommendations as to specific securities. Section 28(e)'s "safe harbor" applies to the use of Client "soft dollars" even when the research acquired is used in making investment decisions for other Clients. BCM may use "soft dollars" generated by one Client's account to acquire research used to make investment decisions for other Clients. BCM believes that such research services may provide such Clients with benefits by supplementing the research and services otherwise available to the Client. BCM's CCO must review and approve any "soft dollar" arrangements prior to BCM entering into any such arrangement. Other types of services provided are:

- Digital libraries containing historic and current investment data;
- Trading and allocation systems;
- Quantitative analysis services that provide technical analysis of markets and individual stocks;

Payments of "soft dollars" for services or products that do not constitute research or brokerage services and that therefore fall outside the Section 28(e) safe harbor do not necessarily involve a breach of fiduciary duty. In certain cases, a research service may serve functions (such as accounting, record keeping or other administrative matters) that are not related to the making of investment decisions. Where a product obtained with commissions has a mixed use, BCM will make a reasonable allocation of the cost of the product according to its use. That percentage of the service or the specific component that

provides assistance to BCM in the investment decision-making process may be paid for in commission dollars, while those services that provide administrative or other non-research assistance to BCM will be paid using BCM's own funds. Services that assist BCM solely in its performance of administrative and other non-research-related functions will be paid exclusively from Company's own funds.

Execution Risks and Errors. BCM seeks best execution of trades on behalf of Clients and has trained operational staff that execute, settle and clear such trades. However, some errors or miscommunications with brokers or counterparties may occur and result in losses to Clients. Such losses may be attributable to the Clients' brokers or counterparties, BCM or a combination of the broker or counterparty and BCM. BCM generally will use its reasonable efforts to recover losses from brokers or counterparties for losses attributable to them. BCM generally should not be liable to Clients for losses caused by a broker (so long as the broker was selected with reasonable care) or counterparty. Under the terms of BCM's advisory agreements with certain of its Clients, BCM may also be exculpated, to the fullest extent permitted by law (including the Federal securities laws) from any liability for trade errors so long as BCM did not breach its fiduciary duty to the Client. If BCM becomes liable for any losses arising from trade errors, BCM intends to net any gains to any particular Client arising from trade errors against any such losses for such Client to the extent permitted by law.

Aggregation of Orders and Allocation. BCM is authorized to bunch or aggregate orders for one Client with orders of other Clients and to allocate the aggregate amount of the investment among accounts in the manner in which BCM shall determine appropriate. When portfolio decisions are made on an aggregated basis, BCM may, in its sole discretion, place a large order to purchase or sell a particular security for a number of Clients (or affiliates). Because of the prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged and the particular Client will be charged or credited with the average price, and the effect of the aggregation may operate on some occasions to such Client's disadvantage. BCM however, is not required to bunch or aggregate orders.

Certain portfolio decisions relate to participation in initial public offering (IPO's) and in secondary offerings that are expected to trade at premium to the offering price. While BCM will indicate to an underwriter in an IPO or secondary offering an interest in purchasing enough stock to fulfill all Clients' accounts needs; in many cases BCM will receive an allocation less than the amount requested. When this occurs, priorities of allocation of these securities are based upon one or more of the following considerations: 1) Rotation to accounts which because of availability did not participate in the last IPO or secondary offering, 2) Investment objectives, guidelines and restrictions of accounts, and 3) the expected impact upon the account relative to its size, e.g., a small participation by a large account may have no appreciable impact on the account's value.

Item 13 – Review of Accounts

All Client accounts will be monitored on an ongoing basis against our model and adjusted as needed in order to assure minimal tracking deviation. The reviewer will be Mr. Ulrich, the Managing Member of BCM, for objectives and adherence to BCM's guidelines. The administrative staff will review all

accounts monthly to ensure that cash levels and securities are correct and consistent with custodial statements.

Clients will receive portfolio review summaries from BCM quarterly, or otherwise as requested. Clients will receive transaction notices as they occur or otherwise as requested. Custodial reports documenting holdings will be directed to the Client monthly

Item 14 – Client Referrals and Other Compensation

Although BCM currently has no solicitation agreements, BCM reserves the right in the future to enter into agreements with employees or third parties to pay a cash solicitation fee for any new Client introduced by that person to BCM. Such agreements typically will provide that a specified percentage of the revenues received by BCM attributable to the Client solicited will be paid during the term of the agreement to the person who has made the solicitation. Any such agreement will be subject to the requirements of the SEC’s Rule 206(4) -3 governing such payments, which requires that certain disclosures be made to Clients who are solicited by third parties who receive cash solicitation payments.

Item 15 – Custody

BCM does not maintain custody of customer assets at this time.

Item 16 – Investment Discretion

BCM generally maintains investment discretion over Client accounts. BCM receives this authority from the Client through the signed Advisory Agreement. Limitations on Company’s authority may vary depending upon the desires of each individual Client. Clients may limit BCM’s authority by prohibiting or by limiting the purchasing of certain securities or industry groups. In addition, a Client may further limit BCM’s authority by requiring that all or a portion of the Client’s transactions be executed through Client’s designated broker/dealer.

BCM manages Client accounts pursuant to differing investment strategies and, as a result, BCM and its portfolio managers may have a differing investment opinion or outlook concerning certain securities or other investments at the time of their acquisition or subsequent thereto depending on the particular Client account.

Item 17 – Voting Client Securities

BCM has adopted policies and procedures that require it to evaluate and vote proxy issues in the best interests of its clients. BCM has determined that it is in the best interests of its clients to vote proxies in a manner that furthers the economic interest of its clients with the objective of maximizing the ultimate economic value of the investment. BCM’s policy requires that the firm vote proxies on behalf of all of its discretionary clients in a prudent manner considering the prevailing circumstances.

BCM has engaged Institutional Shareholder Services (“ISS”), as its independent proxy voting service to provide BCM with proxy voting recommendations, as well as to handle the administrative mechanics of

proxy voting. BCM has directed ISS to utilize its Proxy Voting Guidelines in making recommendations to vote, as those guidelines may be amended from time to time.

BCM has adopted specific procedures that address proxy voting responsibilities, material conflicts of interest, if any, record keeping and disclosure requirements.

BCM will generally vote proxies in accordance with the following guidelines: (i) when BCM's view of the issuer's management is favorable, BCM will generally support current management initiatives, subject to the exceptions noted below; and (ii) when BCM's view is that changes to the management structure would probably increase shareholder value, BCM will generally not support management initiatives.

Where there is a clear conflict between management and shareholder interests, BCM may elect to vote against management.

In general, BCM opposes proposals that in its view act to entrench management.

In some instances, even though BCM may support management, there are some corporate governance issues that, in spite of management objections, BCM believes should be subject to shareholder approval.

Furthermore, as part of BCM's policy, the firm may abstain from voting a proxy when it is determined that the cost of voting the proxy exceeds the expected benefit to the client.

There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between BCM and its clients. BCM will not vote proxies contrary to the best interest of its clients due to business or personal relationships with an issuer's management, participants in proxy contests, corporate directors or candidates for corporate directorships, or where BCM or an employee may have a personal interest in the outcome of a particular matter before shareholders. When there exists an actual or potential conflict of interest, BCM addresses these conflicts or appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by ISS.

Clients may contact BCM to obtain information on how proxies were voted for such client and to request a copy of BCM's proxy voting policies and procedures.

Clients may obtain a copy of BCM's Proxy Procedures and information about how BCM voted a Client's proxies by contacting BCM's Chief Compliance Officer at Breithorn Capital Management LLC, 509 Madison Avenue, New York, NY 10022, Attention: Mr. Adrian Ulrich.

Item 18 – Financial Information

BCM does not have any financial condition that is likely to impair its ability to their contractual commitments to their Clients.

Item 19 – Requirements for State-Registered Advisers

Not applicable