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This brochure provides information about the qualifications and business practices of Kohala Capital Partners, LLC ("Kohala"). If you have any questions about the contents of this brochure, please contact us at (503) 517-9431 or (503) 517-9408. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Kohala Capital Partners, LLC is also available at the SEC's website www.adviserinfo.sec.gov (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration as a Registered Investment Advisor does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

February 1, 2012

ITEM 2 – MATERIAL CHANGES

This brochure, dated February 1, 2012, has been prepared by Kohala Capital Partners, LLC to meet new SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

We may, at any time, update this brochure and then either send you a copy or offer to send you a copy (either by email or in hard copy form). At minimum, a new brochure will be offered within 120 days of the close of each fiscal year.

As of our 2011 annual offering, the following changes have been made:

- ADV Part 2 A brochure (this document) template has been renewed in concept; any content changes are listed below.
- Item 4.e: Assets under management have been updated.
- Item 19: these items have been added as Kohala is transitioning from an SEC registered Investment Advisor to a State registered Investment Advisor.

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ITEM 4 – ADVISORY BUSINESS

4.A: FIRM DESCRIPTION

Kohala was established in July 2011 by Gaylord Lyman, Thierry Wuilloud and Mary Wuilloud-Aguas. Our main office is located in Portland, Oregon.

4.a.1: Principal Members

- Gaylord B. Lyman, CFA®, Member, Managing Director, Portfolio Manager: Mr. Lyman may be contacted by email at glyman@kohalacap.com or by telephone at 503-517-9431.
- Thierry J. Wuilloud, CFA®, Member, Managing Director, Portfolio Manager: Mr. Wuilloud may be contacted by email at twuilloud@kohalacap.com or by telephone at 503-517-9408.
- Mary M. Wuilloud-Aguas, Member, Chief Compliance Officer, Marketing Director: Ms. Wuilloud-Aguas may be contacted by email at mary@kohalacap.com or by telephone at 503-515-4467.

4.B: TYPES OF ADVISORY SERVICES

Kohala provides discretionary investment management services to both institutional and high net worth individual clients utilizing a Small Cap Core equity strategy. Kohala maintains discretionary authority over all client accounts but may accommodate client-specific restrictions on its investment strategy.

Client services may include:

- Portfolio Management
 - Through proper development of an investment policy statement; and
 - Continuous reviews and consultation with client.

4.C: CLIENT TAILORED RELATIONSHIPS AND RESTRICTIONS

As a fiduciary, Kohala always acts solely in your best interests. Your portfolio is customized based on your investment objectives. You may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored.

Similarly, you are under no obligation to act upon Kohala's or associated person's recommendations. If you elect to act on any of the recommendations, you are under no

obligation to effect the transaction through Kohala or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

4.D: WRAP FEE PROGRAM

Kohala does not sponsor a wrap fee program.

4.E: ASSETS UNDER MANAGEMENT (AUM)

Kohala, as of January 1, 2012, has \$47,000,000 in discretionary reportable Assets under Management.

ITEM 5 – FEES AND COMPENSATION

5.A: FEE SCHEDULES

Assets Under Management	Annual Fee (%)
First \$10,000,000	0.95%
Over \$10,000,000	0.85%

Kohala may negotiate advisory contracts with terms and fee arrangements differing from those in its standard agreement.

Compensation for our services will be calculated in accordance with what is set in the client's agreement. We may modify the terms of any agreement with at least 30 days prior written notice.

All Investment Advisors are required to disclose to their clients that lower fees for comparable services may be available from other sources.

5.B: FEE PAYMENT OPTIONS

Investment Management Fees

Typically, per the investment agreement, fees are billed to the client's custodial account with a copy of the invoice provided directly to the client. The client may elect to be billed directly rather than having the fees deducted from their investment portfolio. Kohala does not have

the authority to withdraw or deduct client assets from any source to pay its fees. See “Item 15 – Custody.”

5.C: THIRD PARTY FEES

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your account(s). We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include but are not limited to:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;
- Among others that may be incurred.

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. You bear the responsibility for verifying the accuracy of fee calculations.

5.D: FEE PAYMENTS

Investment Management Fees

Under Kohala’s standard advisory contract, client fees are payable quarterly in advance based on the value of the account on the last day of the quarter. Fees for partial periods are prorated based on the numbers of days the account was open during the period.

5.d.1: Termination

Either Kohala or our clients can terminate our agreement effective the business day following receipt of a written termination notice, or such later date mutually agreed upon between the parties. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any unearned, unpaid fees will be due and payable. Reimbursements of fees that have been paid in advance are calculated based upon the number of days remaining in the quarter.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

5.E: OTHER INVESTMENT COMPENSATION

Kohala does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Kohala does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above.

ITEM 7 – TYPES OF CLIENTS

Kohala generally provides asset management services to the following types of clients:

- Individuals;
- High net worth individuals;
- Trusts, estates and charitable organizations;
- Corporations or other business entities;

- Taft-Hartley plans; and
- Pension and profit sharing plans.

Minimum Account Size

Kohala has an account minimum of \$3,000,000. However, in certain conditions, we may decide to accept clients with smaller portfolios.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

8.A: ANALYSIS

Kohala uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, corporate rating services, prospectuses, company press releases and filings by the SEC.

8.B: INVESTMENT STRATEGIES

Kohala employs a Small Cap Core strategy that invests in stocks of companies with market capitalizations generally between \$100 million and \$3.0 billion at the time of purchase. We seek to invest in quality companies where our proprietary fundamental research has identified a key attribute that has been overlooked or mispriced by the market. The opportunities we seek to exploit typically result from structural and/or company-specific factors that create pricing pressure and cause the stock prices of some companies to temporarily trade well below their long term intrinsic values. Some examples follow:

- Structural Factors: a small cap company may lack Wall Street sponsorship and thus be “undiscovered;” a negative event may create an over-reaction and lead to significant turnover in the shareholder base; investors may be overly focused on short term prospects and thus overlook the long term potential of a company; etc.
- Company-Specific Factors: a difficult product transition may depress current results; investment related expenses, e.g., capacity expansion, M&A, R&D, etc., may dampen short term results; hidden or underutilized assets on a company’s balance sheets may be overlooked by the market, etc.

Our investment process encompasses four primary steps:

- **Idea Generation:** Ideas are generated from a number of different sources. Internally, we constantly monitor the market and perform valuation and price performance screens to identify potential investment candidates. Ongoing discussions with portfolio companies, industry contacts and sell-side analysts offer another source of potential ideas, as do company visits and attendance at investment conferences.
- **Research:** Ideas undergo rigorous fundamental and valuation analysis by our investment team. We seek to gain a thorough understanding of the business and its growth potential. We also focus on valuation analysis, estimating both downside risk and upside potential. Lastly, we set guideposts and targets for ongoing monitoring and assessment of our investment thesis.
- **Portfolio Management:** We attempt to exploit the edge we create in stock selection through an active and strict portfolio management discipline. We strive to control volatility by using a high number of small positions, while also managing liquidity and turnover. We also attempt to avoid unintended macro risk by limiting sector bets and market capitalization discrepancies relative to that of our benchmark
- **Sell Discipline:** We routinely assess the investment merits of existing holdings vs. that of new investment ideas and seek to redeploy capital to the most attractive risk/reward opportunities. We will reduce or sell positions when: (1) a stock achieves our price target; (2) a stock experiences incremental negative fundamental developments; or (3) a more attractive investment is identified.

We invest most of the managed assets in publicly traded U.S. common stocks. Subject to individual client restrictions, we may invest a percentage of an account's assets in equity securities of foreign companies if the stock is an American Depositary Receipt (ADR) or trades on a U.S. stock exchange. In addition, we may use exchange traded funds (ETF) to manage liquidity during the initial stage of getting portfolios invested.

8.C: RISK OF LOSS

All investments involve risk of loss that clients should be prepared to bear. The following risks are some of the risks that could affect the value of accounts managed by Kohala:

- **Equity Market Risk:** The prices of securities may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned; conditions affecting the general economy; overall market

changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price inflation.

- **Management Risk:** Our approach may fail to produce the intended results. If our assessment of the value and potential appreciation of a security is incorrect, securities purchased in an account may not perform as expected.
- **Style Risk:** Our core-oriented investment strategy may underperform when either growth or value investing is in favor.
- **Small Cap Company Risk:** Investments in small cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger companies.
- **Foreign Securities and Emerging Market Risk:** Investing in foreign companies is subject to increased risks including political and economic risks, greater volatility, currency fluctuations, possible foreign controls on investment, and less stringent investor protection and disclosure standards of foreign markets. Investments in emerging markets are generally more volatile than investments in developed foreign markets. Kohala only invests in foreign securities that are traded on a U.S. stock exchange and are dollar denominated.
- **ETF Risk:** Investments in an exchange traded fund (ETF) will indirectly bear its proportionate share of any fees and expenses payable directly by the ETF. Therefore, the portfolio will incur higher expenses, which may be duplicative, than if it did not invest in ETFs. In addition, the portfolio may be affected by losses of the ETFs and the level of risk arising from its investment practices (such as the use of leverage by the ETFs). Kohala has no control over the investments and related risks taken by the ETFs in which it invests. ETFs are also subject to the following risks that do not apply to non-exchange traded funds: (i) ETF shares may trade at a market price that is above or below their net asset value; (ii) active trading market for ETF shares may not develop or be maintained; (iii) the ETF may employ an investment strategy that utilizes high leverage; or (iv) trading of ETF shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

- **Portfolio Turnover Risk:** High portfolio turnover involves correspondingly greater expenses to the account, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities. These expenses may affect investment performance or result in adverse tax consequences to clients that are subject to taxes.

Kohala will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Kohala with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

ITEM 9 – DISCIPLINARY INFORMATION

9.A: CIVIL OR CRIMINAL ACTIONS

Kohala and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

9.B: ADMINISTRATIVE ENFORCEMENT PROCEEDINGS

Kohala and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

9.C: SELF-REGULATORY ORGANIZATION ENFORCEMENT PROCEEDINGS

Kohala and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, Kohala and

its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

10.A: BROKER DEALERS AND REGISTERED REPRESENTATIVES

Kohala is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

10.B: REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR, OR A COMMODITY TRADING ADVISOR

Neither Kohala nor our employees hold any of the above registrations.

10.C: REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND POSSIBLE CONFLICTS OF INTERESTS

Kohala has entered into a contractual agreement with Becker Capital Management, Inc. (“Becker”) through which Becker provides various administrative, operational and business services, including trading, information technology and select back-office operations.

Some members of Kohala may be an investment advisor representative of another registered investment advisory firm. Employees who are registered with an additional firm may also be paid based on these services they provide. In cases where we receive additional payment, there may be a conflict of interest.

Under certain conditions, Kohala may split fees with investment advisors contracted as sub-advisors. The client will NOT be charged any additional fees above our standard fee as a result.

Kohala will disclose any material conflict of interest relating to Kohala, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

10.D: SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISOR IS COMPENSATED FOR THOSE SELECTIONS

From time to time Kohala may split fees with other investment advisors on joint clients. The client will NOT be charged any additional fees above our standard fee as a result of this.

ITEM 11 – CODE OF ETHICS

11.A: CODE OF ETHICS DESCRIPTION

Kohala has adopted a Code of Ethics for all supervised persons of Kohala describing its high standard of business conduct and fiduciary duty to its clients. The purpose of the Code is to ensure that all employees conduct their personal trading in a manner that does not interfere with the portfolio transactions of Kohala's clients or take unfair advantage of their position at Kohala. In addition, the Code establishes standards of business conduct that reflect the fiduciary obligations that Kohala and its employees owe to clients and others. The Code of Ethics includes provisions relating to:

- Personal securities trading procedures including pre-clearance of trades
- Receipt and/or giving of gifts
- Prohibition on trading, either personally or for a client, when in possession of material non-public information (Insider Trading Policy)
- Restrictions and disclosure on political contributions
- Prohibition on investing in initial public offerings
- Preapproval on private placements
- Restrictions from serving on the board of public corporations
- Confidentiality of client information

On an annual basis, all supervised persons must acknowledge that they have received, and agree to act according to, the Code of Ethics.

Subject to satisfying this policy, employees of Kohala may trade for their own accounts in securities which are recommended to and/or purchased for Kohala's clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions, while at the same time, allowing employees to invest for their own accounts. Trades must be affected within 24 hours of the signing of the pre-clearance form, unless there are pre-approved extenuating circumstances. Under the Code, certain classes of securities, such as open-end mutual funds and US Treasuries, have been designated as exempt transactions.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity in a client's account in a security held by an employee. Employee

trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Kohala employees and its clients.

Clients or prospective clients of Kohala may obtain a copy of the Code of Ethics by calling our office at 503-515-4467.

11.B, C & D: PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Kohala, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases Kohala, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

Kohala will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

For California Residents: Kohala adheres to the California Code of Regulations, Title 10 Section 260.238 (k), (1), (2) and (o) which prohibits investment advisers from:

(k) Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any requires that of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

(1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and

(2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.

(o) Making any untrue statement of a material fact or omitting a statement of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in the solicitation of advisory clients.

ITEM 12 – BROKERAGE PRACTICES

12.A: SELECTING BROKERAGE FIRMS

Kohala's overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. In the absence of client direction to utilize a particular broker or dealer for the execution of transactions in client accounts, Kohala seeks to effect each transaction at a price and commission that provides the most favorable total cost or proceeds reasonably attainable under the circumstances.

Kohala may consider various factors when selecting a broker or dealer, including, but not limited to:

- The nature of the portfolio transaction
- The size of the transaction
- The execution, clearing, settlement capabilities and financial status of the broker or dealer
- The desired timing of the transactions taking into account market prices and trends
- Confidentiality
- Under appropriate circumstances, the availability of research, research-related services, and execution-related services provided through such broker or dealer.

12.B: RESEARCH AND SOFT DOLLARS

Kohala utilizes research obtained from broker-dealers on a soft dollar commission basis. In the event any soft dollar service obtained may have mixed uses, i.e. for research and non-research purposes, a good faith and reasonable allocation of the uses will be made and soft dollar (commissions) or hard dollar payments will be made as appropriate.

In compliance with the Securities & Exchange Act of 1934, Section 28(e), Kohala recognizes and adheres to the policy that commissions may only be used to obtain brokerage and research services. Furthermore, third party research paid for with soft dollars may only be utilized when the traders are reasonably assured of receiving best execution. As a matter of policy, Kohala's traders will determine, in good faith, that any commissions paid to a broker-dealer in a soft dollar trading arrangement are reasonable in terms of the research services provided. For our bank domiciled accounts, all trades executed for soft dollar commission obligations are executed at our usual and customary commission rate of .02 - .04/share.

Receiving soft dollar research provides Kohala a benefit as it reduces the amount paid for research, products or services. Kohala recognizes that the use of soft dollars in connection with client security transactions may result in a conflict of interest based on the practice of selecting a broker who executes client transactions which provide payment for services. In placing orders for the purchase and sale of securities for its clients, Kohala seeks quality execution at favorable prices through responsible broker-dealers. When Kohala selects a broker-dealer that provides brokerage and research services (commonly referred to as soft dollar services), that broker-dealer may charge commissions in excess of the commissions which another broker-dealer would have charged for effecting such transaction. Nevertheless, the total commission per share is within our maximum of .04¢/share for bank domiciled accounts.

Where a particular service or product that a broker or dealer is willing to provide has not only a "research" application, but is also useful to Kohala for non-"research" purposes, Kohala will allocate the cost of the product or service between its "research and execution-related" and non "research and execution-related" assessments. Based on its judgment, Kohala will allocate only the "research and execution-related" portion to payment by brokers.

Although it is not always possible to assign an exact dollar value to these services, they may, if and to the extent used, tend to reduce the expenses of Kohala. The fees paid to Kohala are not reduced because it receives such services. Research and execution-related services furnished by brokers and dealers with whom Kohala effects transactions may be more beneficial to certain accounts advised by Kohala. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. However, Kohala expects that each account will be advantaged overall by such practice because each is receiving the benefit of research services and the execution of such transactions based upon the recognition of the value of such research services. At a minimum, Kohala assesses its commission policies, rates and allocations on an annual basis. This review considers the contributions and value of research services received from broker-dealers.

Kohala's soft dollar committee reviews each of Kohala's soft dollar arrangements and brokerage allocations for soft dollar research products and services on an annual basis. Broker/dealers are reviewed quarterly to ensure best execution policies are followed.

12.C: BROKERAGE FOR CLIENT REFERRALS

It is Kohala's policy not to pay any broker in recognition or as compensation for the promotion and sale of any shares of a mutual fund or for client referrals. Further, Kohala does not use client commissions to pay for investment company distribution expenses.

12.D: DIRECTED BROKERAGE

Kohala does permit direction of brokerage from clients and requires that instructions be in writing. It must be expressly understood by the client that by directing brokerage, the client may be unable to achieve the most favorable execution price and may pay higher commissions. Orders to buy and sell securities in directed accounts are placed after the non-directed account orders have been placed. It should also be understood that certain stocks with less liquidity and higher volatility may make it more difficult to obtain a similar price on a directed account than the price that was received on the non-directed block trade. Therefore, the client who chooses to direct trades may not be able to take advantage of current market bids/offers, volume discounts or lower negotiated commission rates without adversely affecting the price.

If a client decides to direct where its brokerage is placed by Kohala, the client should consider: (i) Kohala's brokerage placement practices; (ii) a client who directs Kohala to use a specific broker may pay higher commissions on some transactions than might be attainable by Kohala, or may receive less favorable execution of some transactions, or both; (iii) a client who directs Kohala may forgo any benefit from savings on execution costs that Kohala could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs Kohala may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker; (v) a client who directs Kohala may restrict Kohala from receiving research-related products and services available from other brokers; (vi) Kohala may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vii) clients directing brokerage may not generate returns equal to clients who do not direct brokerage.

12.E: ORDER AGGREGATION

Kohala's policy is to aggregate trades where possible and when advantageous to the clients, given our express duty to seek best execution. Clients participating in aggregated transactions receive an average share price; transaction costs are shared on a pro-rata basis. For each client account, Kohala's books and records reflect the orders that are aggregated and the securities held, bought and sold for that account.

Kohala may aggregate purchase and sale orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by Kohala if, in Kohala's reasonable judgment, such aggregation will result in an overall economic benefit to the client's account taking into consideration the advantageous purchase or selling price, brokerage commission and other expenses.

Allocation participation is based on such considerations as investment objectives, restrictions, duration, availability of cash balances, the amount of existing holdings of similar securities, as well as other factors. Allocations generally are made at approximately the time of execution and before the end of the trading day.

Before entering an aggregated order, the applicable Kohala portfolio manager creates a pre-allocation memorandum. Participating client accounts and allocation intentions are specified. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the pre-allocation memo. If the order is partially filled, it will generally be allocated pro-rata. If the issue is illiquid or the fill is small, the entire share amount may be allocated on a random basis to a single or a small number of accounts. In determining allocations, Kohala may, on occasion, adopt a "de minimis" exception.

In order to minimize the transaction costs created by a series of small allocations, smaller accounts or accounts with a small initial allocation may receive their entire allocation before larger accounts are given their pro-rata amount. Notwithstanding the above, an order may be allocated on a basis different from that specified in the pre-allocation memo if all client accounts receive fair and equitable treatment.

It is the policy and practice of Kohala to allocate "new issue" shares fairly and equitably among clients. Each Kohala portfolio manager creates a pre-allocation memorandum before the issue is priced, specifying the allocation amount for each client account. Allocation of new issues is either random or pro-rata, depending on the number of shares received. New issues are not suitable for all client accounts.

ITEM 13 – REVIEW OF ACCOUNTS

13.A: PERIODIC REVIEWS

Each client account is managed by Kohala's investment team. Each individual security is assigned to a member of the investment team for continual analysis and review. All individual transactions in each account are reviewed daily by Kohala's investment team. Every portfolio is reconciled monthly to the client's custodian's statements and reviewed by Kohala's operations. Kohala's investment team reviews the portfolios on a regular basis for asset allocation and cash positions.

Kohala generally prepares and delivers to its clients quarterly written reports of their accounts, showing cash and all currently held investments categorized by sector, market value, unit cost and projected income, if applicable. A summary of transactions and cash reconciliation for the prior quarter, as well as an investment review and outlook, are also included in the report. Clients may request more frequent or detailed reports in accordance with individual needs.

13.B: REVIEW TRIGGERS

The frequencies of reviews are determined based on the client's investment objectives. More frequent reviews may also be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

13.C: REGULAR REPORTS

Clients receive reports on a quarterly basis from Kohala and monthly statements from their custodian. Kohala's standard quarterly reports include:

- Written remarks prepared by the investment team
- Kohala's outlook on the economy, the market, and prospects for the upcoming quarter
- An Investment Summary report including listing of assets held, their respective cost and market value information, asset allocation, sector weightings, quarterly purchases and sales, realized gains/ losses, and performance results.

Account performance and benchmark performance is expressed quarterly, year-to-date, and annualized, as appropriate, based on the age of portfolio.

In addition to our written quarterly reports, we typically conduct client service meetings on an annual basis, or more frequently if desired.

Clients may request more frequent or detailed reports as needed.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

14.A: ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS

Kohala does not receive economic benefits from third parties for the advice we render to our clients.

14.B: COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS

Kohala does not directly or indirectly compensate any person for client referrals.

ITEM 15 – CUSTODY

Kohala does not provide custodial services to its clients. Clients are responsible for selecting the entity (e.g., broker-dealer, bank or other qualified custodian) that provides custody for client assets managed by Kohala. At least quarterly, and often monthly, clients should receive statements from the custodian that holds client's investment assets. We urge you to carefully review and compare those official records to the account statements that Kohala may provide to you. Kohala's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16 – INVESTMENT DISCRETION

Kohala is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. For more detailed information regarding aggregation, please see "12.e: Order Aggregation" above.

Kohala receives written discretionary authority from each client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account. When selecting securities and determining amounts, Kohala

observes the investment policies, limitations and restrictions as placed by the applicable client.

ITEM 17 – VOTING CLIENT SECURITIES

Kohala generally exercises proxy voting authority for its clients. If a client has specifically indicated to Kohala that the client will retain the responsibility for voting proxies, the account's custodian will provide the proxy records directly to the client. The client can solicit Kohala for advice on how to vote their proxies. Kohala has adopted standard voting parameters addressing the vast majority of proxy matters with which it is familiar, and outsources the function of voting clients' proxies in accordance with these parameters to ISS/RiskMetrics. ISS/RiskMetrics provides legal oversight, in-depth analysis, and recommendations on all proxy related matters. Kohala delegates certain authority to ISS/RiskMetrics to determine whether extenuating circumstances are presented by a proxy vote that would require additional vote-specific analysis beyond the application of Kohala's voting parameters. ISS/RiskMetrics provides any required additional vote-specific analysis.

Votes are reviewed to ensure that proxies are voted only in the best economic interests of Kohala's clients. Kohala will identify any conflicts that potentially exist between the interests of Kohala and those of the client. The relationship between Kohala and the issuer is reviewed to determine if Kohala or any of its employees have a financial, business or personal relationship with the issuer. In the event a material conflict of interest exists, Kohala will determine whether it's appropriate to disclose the conflict to affected clients. All records on the resolution of such conflicts will be maintained.

Clients may request that we follow their instructions on various proxy issues.

ISS/RiskMetrics is a nationally recognized independent provider of research and corporate governance information.

Clients may request a copy of Kohala's complete proxy voting policy by calling 503-515-4467. Clients may request records of how securities have been voted.

ITEM 18 – FINANCIAL INFORMATION

18.A: BALANCE SHEET

Kohala does not solicit prepayment of more than \$500 in fees per client six (6) months in advance and is not required to submit a balance sheet.

18.B: FINANCIAL CONDITIONS

Kohala has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

18.C: BANKRUPTCY PETITION

Kohala has never been the subject of a bankruptcy petition.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

19.A: PRINCIPAL EXECUTIVE OFFICERS AND MANAGEMENT PERSONS; THEIR FORMAL EDUCATION AND BUSINESS BACKGROUND

Kohala's executive officers are Gaylord B. Lyman, Thierry J. Wuilloud, and Mary M. Wuilloud-Aguas. Their education and business background information can be found on the individuals' Supplemental ADV Part 2 B forms.

19.B: OTHER BUSINESSES IN WHICH THIS ADVISORY FIRM OR ITS PERSONNEL ARE ENGAGED AND TIME SPENT ON THOSE

All other business activities can be found on the supplemental ADV Part 2 B brochures.

19.C: HOW PERFORMANCE BASED FEES ARE CALCULATED AND DEGREE OF RISK TO CLIENTS

As stated above, Kohala does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

19.D: MATERIAL DISCIPLINARY DISCLOSURES FOR MANAGEMENT PERSONS OF THIS FIRM

Other than disclosures made in Item 9 above, neither Kohala nor our employees have been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding.

19.E: MATERIAL RELATIONSHIPS MANAGEMENT PERSONS HAVE WITH ISSUERS OF SECURITIES

Kohala has entered into a contractual agreement with Becker Capital Management, Inc. (“Becker”) through which Becker provides various administrative, operational and business services, including trading, information technology and select back-office operations.

Some members of Kohala may be an investment advisor representative of another registered investment advisory firm. Employees who are registered with an additional firm may also be paid based on these services they provide. In cases where we receive additional payment, there may be a conflict of interest.

Under certain conditions, Kohala may split fees with investment advisors contracted as sub-advisors. The client will NOT be charged any additional fees above our standard fee as a result.

Kohala will disclose any material conflict of interest relating to Kohala, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.