

Part 2A of Form ADV: *Firm Brochure*

Front Street Capital Management, Inc.

218 East Front Street, Suite 205
Missoula, MT 59802

Telephone: (406)541-0130
Email: info@frontstreetcap.com
Web Address: www.frontstreetcap.com

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This brochure provides information about the qualifications and business practices of Front Street Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (406)541-0130 or info@frontstreetcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Front Street Capital, Inc. is a Registered Investment Advisory firm. Registration does not imply a certain level of skill or training.

Additional information about Front Street Capital Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 141974.

Item 2 Material Changes

This section identifies and discusses material changes to the ADV brochure since our last ADV Part 2A dated 03/27/2019. For more details on any particular matter, please see the item in this ADV brochure referred to in the summary below.

Item 4. Advisory Business: Assets Under Management were updated.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures of material changes as necessary.

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Item 4 Advisory Business

Front Street Capital Management, Inc. (FSCM) is a SEC-registered investment adviser with its principal place of business located in Montana. FSCM began conducting business in 2006.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company): ***Russell T Piazza***

FSCM has separated its portfolio management services into four separate and distinct components based on the type of instruments invested in. For each service, clients will have the opportunity to place reasonable restrictions on the types of investments made in client accounts. Clients will also retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Money Market

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

As of January 2, 2020, FSCM managed \$418 million dollars on a discretionary basis. FSCM does not manage any money on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose in writing, reasonable restrictions on investing in certain securities, types of securities, or industry sectors in accordance with their values or beliefs. However, if the restrictions prevent FSCM from properly servicing the client account, or if the restrictions would require FSCM to deviate from its standard suite of services, FSCM may not be able to service the account.

Beginning January 1, 2014, FSCM purchased Delano Investment Advisory, LLC (DIA), a Montana State registered investment advisory firm established in 2001. Each firm, although under common control, is independent of the other and offers different investment strategies and fees. Additional information about DIA is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. DIA's CRD number is 114105.

INVESTMENT SUPERVISORY SERVICES ("ISS")

INVESTMENT ADVISOR TO THE TARKIO FUND (TARKX)

FSCM provides discretionary portfolio management services to the Tarkio Fund (the "Tarkio Fund"), a publicly traded mutual fund registered under the Investment Company Act of 1940.

FSCM serves as the investment manager to the Tarkio Fund, and continuously manages the fund assets based on the investment goals and objectives as outlined in the Mutual Fund's Prospectus.

Interested investors should refer to the Tarkio Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures.

Prior to making any investment in the fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Tarkio Fund.

EQUITY PORTFOLIO MANAGEMENT

FSCM will create a portfolio consisting primarily of equity securities. We will allocate the client's assets among various equity investments taking into consideration the client's stated objectives and the overall management style selected by the client.

MUTUAL FUND PORTFOLIO MANAGEMENT

FSCM will create a portfolio consisting of one or more no-load mutual funds. We will allocate the client's assets taking into consideration the overall management style selected by the client. In most instances, an account using this strategy will include our proprietary no-load mutual fund (Tarkio Fund) as described above and an S&P 500® Index fund.

Third party mutual funds may, from time to time, be selected based on any of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

FIXED INCOME PORTFOLIO MANAGEMENT

FSCM will create a portfolio consisting primarily of fixed income securities. We will allocate the client's assets among fixed income securities, taking into considerations the overall management style selected by the client. We may utilize U.S. government agency bonds (including, but not limited to, federal home loan bonds) as part of this service where appropriate to the needs of the client.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

Item 5 Fees and Compensation

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.1% to 1.0%.

Fees will be directly debited from client accounts in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with client's authorization in the investment advisory agreement.

Clients should be aware that a conflict of interest may exist when we determine the holdings of a client's portfolio. At times, FSCM must decide whether to recommend and/or purchase equities, fixed income instruments, no-load mutual funds, or its own mutual fund discussed in Item 4 above. Based upon the fee-structures outlined herein, we stand to earn a higher fee by recommending individual equities rather than fixed income instruments or mutual funds. We also may earn a higher fee by recommending our mutual fund, the Tarkio Fund, over other mutual funds or investment strategies. Tarkio Fund fees are disclosed in the fund prospectus and are currently 0.75% management fee and 0.25% administrative fee for a total of 1%.

Limited Negotiability of Advisory Fees: Although FSCM has established the following fee schedules; we retain the discretion to negotiate alternative fees and minimum account size on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

INVESTMENT SUPERVISORY SERVICES ("ISS")

EQUITY PORTFOLIO MANAGEMENT FEES

The annual fee for FSCM's Equity Portfolio Management Services will be charged as a percentage of equity assets under management, typically at a rate of 1% depending on the nature and complexity of each client's circumstances and the amount of assets under management. A minimum of \$100,000 of assets under management is required for this service. FSCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

MUTUAL FUND PORTFOLIO MANAGEMENT FEES

The annual fee for FSCM's Mutual Fund Portfolio Management Services will be charged as a percentage of mutual fund assets under management, typically at a rate of 0.375%. A minimum of \$50,000 of assets under management is recommended for this service. FSCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Mutual Fund Portfolio Management clients of our firm who also invest in the Tarkio Fund will not be charged the above noted management fee on those funds invested in the Tarkio Fund. Therefore, the value of the client's investment in the Tarkio Fund is excluded from our quarterly portfolio management fee calculation. FSCM earns management fees based on assets under management in the Fund. For more information on how FSCM collects fees through the Tarkio Fund, please see the Fund's Prospectus.

The fee arrangement, termination, and refund policies are described in each Mutual Fund's prospectus and SAI. Clients should review both the fees charged by the funds and the fees charged by FSCM to fully understand the total amount of fees paid by the client for advisory services.

FIXED INCOME SERVICES FEES

The annual fee for FSCM's Fixed Income Portfolio Management Services will be charged as a percentage of fixed income assets under management, typically ranging from 0.10% to 0.30% depending on the nature and complexity of each client's circumstances and the amount of assets under management. A minimum of \$100,000 of assets under management is required for this service. FSCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

CONSULTING SERVICES FEES

FSCM's Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Consulting Services fees are calculated and charged on an hourly basis or fixed fee basis, typically ranging from \$50 to \$100 per hour for hourly agreements or \$50 to \$500, for fixed fee arrangements. The needs of the client will dictate whether a fixed fee or hourly arrangement would be more appropriate. An estimate for the total hours or fee is determined at the start of the advisory relationship.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. If an account terminates before a complete quarterly billing cycle, FSCM will prorate fees and directly bill clients' account for services rendered.

Mutual Fund Fees: All fees paid to FSCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to FSCM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

ERISA Accounts: FSCM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, FSCM may only charge fees for investment advice about products for which our firm and/or our related persons do not receive

any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset FSCM's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

FSCM does not charge performance-based fees.

Item 7 Types of Clients

FSCM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies (including mutual funds)
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Trusts
- Corporations or other businesses not listed above

Any requirements for opening or maintain an account, such as minimum account size, can be found in Item 5 – Fees and Compensation.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of third-party mutual fund or ETF managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of

time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. Typically, we strive to purchase securities with the idea of holding them in the client's account for a year or longer. We would normally employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Other Investment Strategies: When appropriate to the needs of the client, FSCM may recommend the following strategies. Because we believe these investment strategies involve certain additional degrees of risk, they will only be recommended with consistent with the client's stated tolerance for risk and other client needs.

- *Short-term purchases* (typically selling within a year or less)
- *Trading* (typically selling within 30 days or less).
- *Margin transactions* (Purchasing stocks for your portfolio with money borrowed from your brokerage account with interest paid to the custodian. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Additional agreements are required, and all accounts do not qualify for margin.
- *Option writing.* Used primarily upon client request only. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Risk of Loss. Securities investments are not guaranteed, and you may lose money on your investments. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations except as follows:

Tarkio Fund: FSCM previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Tarkio Fund, an investment company registered under the Investment Company Act of 1940. We are related to the Fund through common control. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures. For additional information, the Tarkio Fund Prospectus and Statement of Additional Information are available online or by calling (866) 738-3629. Prospective investors should review these documents carefully before making any investment in the Tarkio Fund.

Delano Investment Advisory LLC (DIA): FSCM previously disclosed in "Advisory Business: (Item 4) of this brochure that DIA is a registered investment advisory firm established in 2001. Beginning January 1, 2014, FSCM is the sole owner of DIA and is therefore under common control. Each firm is independent of the other and offers different investment strategies and fees. A conflict of interest may result if DIA recommends the Tarkio Fund to its clients as FSCM receives a management fee as disclosed in the fund's Prospectus. Any Tarkio Fund holding in DIA client's accounts will be excluded from advisory fees charged by DIA.

Other Firm Relationships – Lawyer: Jeremy Brown is licensed Attorney in State of Montana. Mr. Brown works with FSCM in a legal capacity on its own investments.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to info@frontstreetcap.com, or by calling us at (406)541-0130.

FSCM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

FSCM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

As previously disclosed in this brochure, FSCM is the investment adviser to an affiliated mutual fund. Please refer to "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) for a detailed explanation of this

relationship and important conflict of interest disclosure.

In addition, access persons of our firm are required to report all personal securities transactions conducted in our affiliated mutual fund(s).

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

We believe that the interests of clients and portfolio managers are best served when they are similarly aligned. One of our core principles is that our portfolio managers should “eat their own cooking” and be willing to invest in the same securities we recommend or purchase for our clients. While these practices help to align the interests of our portfolio managers, officers and employees with those of our Clients, they will create conflicts of interest from time to time. Our Code of Ethics includes procedures designed to ensure that all clients are treated equitably and that none are materially disadvantaged by the investing activities of our staff.

It is the expressed policy of our firm that no person employed by FSCM may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing such employee from benefiting from transactions placed on behalf of advisory accounts. There may be some unforeseen instances when securities might be purchased on the same day, such as client requests or client funding needs. In those instances, FSCM will review those trades specifically to ensure that the client was not disadvantaged nor the employee advantaged due to the employee trade on the same day.

We may aggregate Tarkio Fund trades, proprietary trades and employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating accounts will receive an average share price and pay a standard brokerage transaction fee. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases in the order as listed on the allocation worksheet, with each account paying the average price.

FSCM may from time to time make investments of its own account. These investments may include private securities. Although not one of its service offerings, FSCM may from time to time introduce such private investment options to its clients. FSCM does not receive any compensation for making such introductions. It is FSCM policy that it will not advise any clients as to the merits of such investments. FSCM’s policy further calls for FSCM to advise its clients who are introduced to such investments to seek their separate and independent advice as to the merits, suitability and risks of such investment. FSCM receives no management fees with respect to any of these types of investment that may be made by any clients.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm’s Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received because of his or her employment unless the information is also available to the investing public.
3. It is our policy not to affect any principal or agency cross securities transactions for Client accounts. Principal transactions are generally transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.

6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

Factors in Selecting Broker-Dealers. Except with respect to the Tarkio Fund, FSCM clients direct FSCM to place trades through TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., an unaffiliated SEC-registered broker-dealer and SIPC/FINRA member ("TD Ameritrade"). The client will be required to enter a formal Investment Advisory Agreement with FSCM setting forth the terms and conditions under which FSCM will manage the client's assets, and a separate custodial/clearing arrangement with each designated broker-dealer/custodian.

With respect to the Tarkio Fund, FSCM seeks to obtain best execution for clients' securities trades. "Best execution" means the best overall qualitative execution, not necessarily the lowest possible commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, among other items, the value of research provided; execution capability; available liquidity; timing and size of particular orders; commission rates; responsiveness, trading experience, reputation, integrity and fairness in resolving disputes; and the quality of a broker-dealer's application programming interfaces and technology. Accordingly, although FSCM will seek competitive rates, it will not necessarily obtain the lowest possible commission rates for client account transactions. FSCM obtains information as to the general level of commission rates being charged by the brokerage community from time to time and will periodically evaluate the overall reasonableness of brokerage commissions paid on Client transactions by reference to such data to ensure competitive commission rates. Commissions or transaction fees are exclusive of, and in addition to, FSCM's Factors that FSCM considers in recommending TD Ameritrade includes a historical relationship with FSCM, financial strength, reputation, execution capabilities, pricing, research and service.

Directed Brokerage. Since FSCM does not have the discretionary authority to determine the broker dealer to be used, clients must direct us as to the broker dealer to be used, which direction is received upon executing an advisory agreement. FSCM advises clients to use TD Ameritrade; however, some clients may instruct us to use one or more other brokers for the transactions in their accounts. Clients should understand that in directing FSCM to use any particular broker, including TD Ameritrade, FSCM will be unable to seek the best available price and most favorable execution of the client's portfolio transactions. Consequently, clients may not obtain commission rates or execution of portfolio transactions as favorable as those which FSCM may obtain if it were seeking best execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities to be received by the broker to which desires us to direct trades are acceptable. FSCM reserves the right to decline acceptance of any client account where the client directs the use of a broker dealer if FSCM believes that this choice may hinder its fiduciary duty to the client and/or its ability to service the account. Not all advisers require their clients to direct brokerage. Clients are encouraged to consider alternative advisory services if direction of brokerage is not the desire.

Research and Other Soft-Dollar Benefits. FSCM participates in the institutional customer program offered by TD Ameritrade. In this program, TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. FSCM receives some benefits from TD Ameritrade through our participation in the program. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to FSCM by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by FSCM's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for FSCM's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally. Such non-cash benefits are referred to as "soft dollars."

Some of the products and services made available by TD Ameritrade through the program may benefit FSCM but may not benefit our client accounts. The investment products or services FSCM obtains will generally be used to service all of FSCM's clients, but a specific client brokerage commission may be used to pay for research that is not used in managing that specific client's account. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by FSCM through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by FSCM or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

FSCM may participate in Charles Schwab's Institutional customer program through its affiliated registered investment adviser, DIA. DIA receives most, if not all of the benefits provided by TD Ameritrade stated above from Charles Schwab; therefore, FSCM can likely effectively accommodate client accounts requests at Charles Schwab through its RIA affiliate, DIA. Further information on DIA's relationship with Charles Schwab can be found in its ADV Part 2A brochure. You may request a copy of this brochure by calling us at (406)541-0130.

FSCM's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts. FSCM believes the commission TD Ameritrade and Schwab are competitive to the industry and reasonable for the services described above.

Brokerage for Client Referrals. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage or research.

Block Trades. FSCM manages each client portfolio independently based upon strategies developed and discussions held with each client. We do not follow a model investment strategy. Therefore, we will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally between all accounts included in any such block. Since we have frequent discussions and individualized strategies concerning each client, FSCM may initiate trades of the same security on the same day at different prices for different clients.

Block trading may allow us to execute equity trades in a more equitable and timely manner, at an average share price. FSCM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will begin allocating trades with clients holding the lowest or highest percentage of the subject security on any particular day or based upon client's deposits or withdrawal requests. As previously noted, we may aggregate

Tarkio Fund trades, proprietary trades and employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating accounts will receive an average share price and pay a standard brokerage transaction fee. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases in the order as listed on the allocation worksheet, with each account paying the average price.

Item 13 Review of Accounts

EQUITY, MUTUAL FUND AND FIXED INCOME PORTFOLIO MANAGEMENT

Reviews: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Russ Piazza, Portfolio Manager, and Michele Blood, Operations Manager

Reports: In addition to the written monthly statements and confirmations of transactions that clients receive from their custodian, we provide quarterly written reports summarizing account performance compared to the applicable benchmark.

TARKIO FUND PORTFOLIO MANAGEMENT

Reviews: FSCM continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus.

Reports: Tarkio Fund sends written reports to their shareholders on a semiannual basis. The semiannual report covers the first six months of the Mutual Fund's fiscal year, while the annual report covers the Mutual Fund's entire fiscal year. These written reports are filed with the SEC and available online under SEC file number 811-22504.

CONSULTING SERVICES

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted. Such reviews will be conducted by the client's account representative.

Reports: Consulting Services clients will not typically receive reports due to the nature of the service. If reports are provided, the terms of the report will be stated in the client agreement.

Item 14 Client Referrals and Other Compensation

It is FSCM's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is FSCM's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

Our firm does not have actual or constructive custody of client accounts. We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from each client account. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients

to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

Clients should receive at least quarterly statements from the custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to account reports that we may provide to you. Clients should contact us directly if they believe that there may be an error in their statement.

FSCM may have inadvertent custody when clients establish Standing Letters of Authorization (SLOA) that allow Advisor to transfer funds upon client request. Clients will receive a list of SLOA's on file from their custodian annually as well as a confirmation statement of each SLOA transaction processed. Clients are encouraged to review these documents carefully and contact us or their custodian immediately if they believe there may be an error.

Item 16 Investment Discretion

Most clients hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may impose in writing, reasonable restrictions on investing in certain securities, types of securities, or industry sectors in accordance with their values or beliefs. However, if the restrictions prevent FSCM from properly servicing the client account, or if the restrictions would require FSCM to deviate from its standard suite of services, FSCM may not be able to service the account.

Item 17 Voting Client Securities (Proxies)

As a matter of firm policy and practice, FSCM does not generally accept the authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios through their custodian. We may provide advice to clients regarding the clients' voting of proxies upon client request.

As discussed previously in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure, we are also the advisor to the Tarkio Fund. Because the Mutual Fund is regulated under different rules, we are required to vote proxies for the Fund. Clients may request, in writing, information on how proxies for plan shares were voted. If any client requests information on how we voted proxies for the account(s), we will promptly provide such information to the client.

Clients may obtain a copy of the complete proxy voting policies and procedures by contacting FSCM directly. The policies and procedures instruct the advisor on subjects such as voting, reporting and how to handle possible conflicts of interests.

Item 18 Financial Information

FSCM does not have any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. FSCM has no additional financial circumstances to report. FSCM has not been the subject of a bankruptcy petition at any time during the past ten years.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.