

Item 1: Cover Page

Part 2A of Form ADV Firm Brochure

March 3, 2020

Tall Pines Capital, LLC

CRD No. 286089

1010 Jorie Blvd., Suite 144
Oak Brook, IL 60523

phone: 630-564-1348
email: cplahm@tallpinescap.com

This brochure provides information about the qualifications and business practices of Tall Pines Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 630-564-1348 or email cplahm@tallpinescap.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Tall Pines Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Since our last annual amendment filing on 02/20/2019, we have the following material changes to disclose:

- Our firm is now SEC registered.
- Charles Schwab & Co., Inc. ("Schwab") recently eliminated transaction fees for U.S. listed equities and exchange traded funds. As a result of this, we have eliminated our wrap fee program for new clients and offer it only on a legacy basis to existing clients.

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Item 4: Advisory Business

A. Tall Pines Capital, LLC

Tall Pines Capital, LLC ("Tall Pines" and/or "the firm") is an Illinois limited liability company. Christopher Plahm is the firm's owner and Managing Member.

B. Advisory Services Offered

B.1. Separately Managed Account Product

The firm offers and manages a micro-capitalization product ("Tall Pines Micro Cap SMA"). The Tall Pines Micro Cap SMA follows a fundamental long biased trading strategy focused on providing long-term capital growth by investing primarily in U.S. and Canadian-based companies with market capitalizations ranging from \$10 million to \$300 million.

The portfolio manager seeks to invest in:

- small, high-growth companies with little or no institutional ownership, and limited trading liquidity
- companies with high-quality management teams whose interests are aligned with company growth and stock price appreciation
- companies with a market-leading position with potential for growth
- a concentrated portfolio consisting of 5 to 15 positions

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

Tall Pines does not offer or sponsor a wrap fee program for new clients. We may still offer wrap services to existing clients on a legacy basis.

E. Client Assets Under Management

Our firm manages \$4,233,430 on a discretionary basis as of 12/31/2019.

Item 5: Fees and Compensation

A. Compensation for Our Advisory Services

A.1. Separately Managed Account Product

The maximum annual fee charged for this service will not exceed 2.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

B. Other Types of Fees & Expenses

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Tall Pines may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Non-Wrap Clients will incur transaction fees for trades executed by their chosen custodian via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Schwab does not charge transaction fees for U.S. listed equities and exchange traded funds.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

C. Termination & Refunds

A client investment advisory agreement may be canceled at any time by the client, or by Tall

Pines with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

D. Commissionable Securities Sales

Representatives of our firm are registered representatives of APW Capital, Inc., ("APW"), member FINRA/SIPC. As such they are able to accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

Item 6: Performance-Based Fees and Side-by-Side Management

Tall Pines does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

Tall Pines offers its investment services to various types of clients including high-net-worth individuals, trusts, corporations, partnerships, tax exempt, and other legal entities. Tall Pines generally requires a minimum account size of \$100,000. Tall Pines, in its sole discretion, may waive the required minimum.

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

A. Methods of Analysis and Investment Strategies

Tall Pines uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Tall Pines and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Qualitative analysis uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity. Qualitative analysis deals with intangible, inexact concerns that belong to the social and experiential realm rather than the mathematical one. This approach depends on the kind of intelligence that machines (currently) lack, since things like positive associations with a brand, management trustworthiness, customer satisfaction, competitive advantage and cultural shifts are difficult, arguably impossible, to capture with numerical inputs. A risk in using qualitative analysis is that subjective judgment may prove incorrect.

In addition, Tall Pines reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Tall Pines may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A.1. Material Risks of Micro and Nano Capitalization Securities

A.1.a. Definitions

The term "microcap stock" applies to companies with low or "micro" capitalizations, meaning the total value of the company's stock. A typical definition would be companies with a market

capitalization of less than \$250 or \$300 million. The smallest public companies, with market capitalization of less than \$50 million, are sometimes referred to as "nanocap stocks."

Microcap companies typically have limited assets and operations. Microcap stocks tend to be low priced and trade in low volumes.

A.1.b. Trading in Micro and Nano Capitalization Securities

Many microcap stocks trade in the "over-the-counter" (OTC) market, rather than on a national securities exchange such as the New York Stock Exchange or NASDAQ. They are quoted on OTC systems, such as the OTC Bulletin Board (OTCBB) or OTC Link LLC (OTC Link).

A.1.c. How Are Microcap Stocks Different From Other Stocks?

Lack of Public Information. Often, the biggest difference between a microcap stock and other stocks is the amount of publicly available information about the company. Most large public companies file reports with the SEC that any investor can get for free from the SEC's website. Professional stock analysts regularly research and write about larger public companies, and it's easy to find their stock prices on the Internet or in newspapers and other publications. In contrast, information about microcap companies can be extremely difficult to find, making them more vulnerable to investment fraud schemes and making it less likely that quoted prices in the market will be based on full and complete information about the company.

No Minimum Listing Standards. Companies that trade their stocks on exchanges must meet minimum listing standards. For example, they must have minimum amounts of net assets and minimum numbers of shareholders. In contrast, companies on the OTCBB generally do not have to meet any minimum standards.

Risk. While all investments involve risk, microcap stocks are among the most risky. Many microcap companies are new and have no proven track record. Some of these companies have no assets, operations, or revenues. Others have products and services that are still in development or have yet to be tested in the market. Another risk that pertains to microcap stocks involves the low volumes of trades. Because many microcap stocks trade in low volumes, any size of trade can have a large percentage impact on the price of the stock.

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is to follow a fundamental long biased trading strategy focused on providing long-term capital growth by investing primarily in U.S. and Canadian-based companies with market capitalizations ranging from \$10 million to \$100 million.

The portfolio manager seeks to invest in:

- small, high-growth companies with little or no institutional ownership, and limited trading liquidity
- companies with high-quality management teams whose interests are aligned with company growth and stock price appreciation
- companies with a market-leading position with potential for growth
- a concentrated portfolio consisting of 5 to 15 positions

B.1. Short-Term Trading

Although Tall Pines, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy.

B.2. Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

C. Security-Specific Material Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There is nothing to report on this item.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Chris Plahm is a registered representative of APW Capital, Inc., a FINRA-registered broker-dealer and member of SIPC. APW Capital, Inc. is a financial services company engaged in the sale of investment products. Chris Plahm is subject to the general oversight of APW Capital, Inc. and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Tall Pines should understand that their personal and account information is available to FINRA and APW Capital, Inc. for the fulfillment of their regulatory oversight obligations and duties.

B. Futures or Commodity Registration

Neither Tall Pines nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

C.1. Broker-Dealer Registration

Tall Pines professionals who effect transactions for advisory clients may receive transaction or commission compensation from APW Capital, Inc. The recommendation of securities transactions for commission creates a conflict of interest in that Tall Pines is economically incented to effect securities transactions for clients. Although Tall Pines strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Tall Pines rather than in the client's best interest. Tall Pines advisory clients are not compelled to effect securities transactions through APW Capital, Inc.

C.2. Stonebridge Wealth Management, LLC

Tall Pines is an affiliate of Stonebridge Wealth Management, LLC ("Stonebridge"), a registered investment adviser. Clients should understand that Tall Pines offers separate account management services directly to end clients and Stonebridge offers its services to clients of registered investment advisers under a sub-adviser relationship with various platforms. As such, Tall Pines has an economic interest in recommending to potential clients that they utilize portfolios that are sub-advised by Stonebridge. Such recommendations may be viewed as being in the best interest of Tall Pines rather than in the best interest of the client.

C.3. Insurance Sales

Chris Plahm is a licensed insurance agent and offers insurance sales and financial planning services through an affiliate investment adviser, Stonebridge Wealth Management, LLC. With respect to the provision of financial planning services through such affiliate, he may recommend

insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Tall Pines and its affiliate strive to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Tall Pines' employing broker-dealer.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Although Tall Pines does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients, the firm engages sub-advisers to manage Tall Pines client accounts and receives a portion of the advisory fees charged by Tall Pines for its investment management services.

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

A. Code of Ethics Description

In accordance with the Advisers Act, Tall Pines has adopted policies and procedures designed to detect and prevent insider trading. In addition, Tall Pines has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Tall Pines' advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Tall Pines. Tall Pines will send clients a copy of its Code of Ethics upon written request.

Tall Pines has policies and procedures in place to ensure that the interests of its clients are given preference over those of Tall Pines, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Tall Pines does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Tall Pines does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Tall Pines, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Tall Pines specifically prohibits. Tall Pines has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Tall Pines' procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Tall Pines, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Tall Pines clients. Tall Pines will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Tall Pines to place the clients' interests above those of Tall Pines and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

A.1. Custodian Recommendations

Tall Pines may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Tall Pines may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Tall Pines is independently owned and operated and not affiliated with custodian. For Tall Pines client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Tall Pines considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Tall Pines, Tall Pines will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Tall Pines will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

A.1.a. How We Select Brokers/Custodians to Recommend

Tall Pines seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

A.1.b. Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

A.1.c. Soft Dollar Arrangements

Tall Pines does not utilize soft dollar arrangements. Tall Pines does not direct brokerage transactions to executing brokers for research and brokerage services.

A.1.d. Institutional Trading and Custody Services

The custodian provides Tall Pines with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Tall Pines committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

A.1.e. Other Products and Services

Custodian also makes available to Tall Pines other products and services that benefit Tall Pines but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Tall Pines' accounts, including accounts not maintained at custodian. The custodian may also make available to Tall Pines software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Tall Pines' fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Tall Pines manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Tall Pines personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Tall Pines may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

A.1.f. Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Tall Pines. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Tall Pines.

A.1.g. Additional Compensation Received from Custodians

Tall Pines may participate in institutional customer programs sponsored by broker-dealers or custodians. Tall Pines may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Tall Pines' participation in such programs and the investment advice it gives to its clients, although Tall Pines receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving Tall Pines 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Tall Pines by third-party vendors

The custodian may also pay for business consulting and professional services received by Tall Pines' related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Tall Pines' personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Tall Pines but may not benefit its client accounts. These products or services may assist Tall Pines in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Tall Pines manage and further develop its business enterprise. The benefits received by Tall Pines or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Tall Pines also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Tall Pines to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Tall Pines will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Tall Pines' related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Tall Pines' personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Tall Pines endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Tall Pines or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Tall Pines' recommendation of broker-dealers for custody and brokerage services.

A.1.h. The Firm's Interest in Schwab's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian.

These services are not contingent upon the firm committing any specific amount of business to the custodian in trading commissions or assets in custody. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

A.2. Brokerage for Client Referrals

Tall Pines does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

A.3. Directed Brokerage

A.3.a. Tall Pines Recommendations

Tall Pines typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

A.3.b. Client-Directed Brokerage

Occasionally, clients may direct Tall Pines to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Tall Pines derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Tall Pines loses the ability to aggregate trades with other Tall Pines advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts

B.1. Best Execution

Tall Pines, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Tall Pines recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Tall Pines will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Tall Pines seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Tall Pines' knowledge, these custodians provide high-quality execution, and Tall Pines' clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Tall Pines believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

B.2. Security Allocation

Since Tall Pines may be managing accounts with similar investment objectives, Tall Pines may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Tall Pines in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Tall Pines' allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Tall Pines will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Tall Pines' advice to certain clients and entities and the action of Tall Pines for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Tall Pines with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Tall Pines to or on behalf of other clients.

B.3. Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Tall Pines believes that a larger size block trade would lead to best overall price for the security being transacted.

B.4. Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Tall Pines acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Tall Pines determines that such arrangements are no longer in the best interest of its clients.

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by Tall Pines' Manager. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

B. Review of Client Accounts on Non-Periodic Basis

Tall Pines may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Tall Pines formulates investment advice.

C. Content of Client-Provided Reports and Frequency

Tall Pines may provide reports upon client request. Such reports will include information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Tall Pines.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Tall Pines does not receive economic benefits for referring clients to third-party service providers.

B. Advisory Firm Payments for Client Referrals

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

Item 15: Custody

Deduction of Advisory Fees:

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to Tall Pines with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Tall Pines will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

Tall Pines does not take discretion with respect to voting proxies on behalf of its clients. Tall Pines will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Tall Pines supervised and/or managed assets. In no event will Tall Pines take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Tall Pines will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Tall Pines has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Tall Pines also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Tall Pines has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Tall Pines receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

Tall Pines does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Tall Pines does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.