

Uniform Application for Investment Adviser Registration

Part II - Page 1

Name of Investment Adviser: <b>Watkinson Capital Advisors, LLC</b>				Date <b>7/8/2010</b>
Address: (Number and Street) <b>150 N. Radnor Chester Rd., Ste. A 150</b>	(City) <b>Radnor</b>	(State) <b>PA</b>	(Zip Code) <b>19087</b>	Area Code: Telephone number: <b>(610) 989-9090</b>

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

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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

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

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services . . . . .	<u>100 %</u>
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services . . . . .	<u>%</u>
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above . . . . .	<u>%</u>
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription . . . . .	<u>%</u>
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above . . . . .	<u>%</u>
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	<u>%</u>
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	<u>%</u>
<input type="checkbox"/>	(8) Provides a timing service . . . . .	<u>%</u>
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	<u>%</u>

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

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

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

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

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

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

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

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

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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

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

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

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

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

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

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

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

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

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

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

On Schedule F, give the:

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

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

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

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

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

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

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

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

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

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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

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

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

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

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

10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ..... Yes No  
   
 (If yes, describe on Schedule F)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:  
 A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable and specifically requested), investment objectives and account performance with the Registrant on an annual basis.**

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

**Clients are provided, with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.**

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Yes                                 | No                                  |
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (4) commission rates paid? .....                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

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

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

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

**13. Additional Compensation.**

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

- |   |   |  |
|---|---|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |

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

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

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
WATKINSON CAPITAL ADVISORS, LLC	801-	07/2010

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: WATKINSON CAPITAL ADVISORS, LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer
Items 1D and 7A	<p>The Registrant provides its clients (individuals, institutional investors, trusts, estates and charitable organizations, etc.) with discretionary investment advisory services, <u>and financial planning services to the extent specifically requested by a client.</u></p> <p><b>INVESTMENT ADVISORY SERVICES</b></p> <p>The client can determine to engage the Registrant to provide combined discretionary investment advisory services and financial planning services (<b>limited</b> to those <u>planning and consulting services specifically requested by the client</u>) on a <i>fee-only</i> basis in accordance with the terms and conditions of the <i>Investment Advisory Agreement</i> between the Registrant and the client. With respect to any financial planning and consulting services provided by the Registrant, it remains each client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services. <b><u>See Non - Investment Consulting / Implementation Services</u></b> disclosure below regarding limitations of financial planning and related consulting services.</p> <p>The Registrant’s annual investment advisory fee shall vary (up to 0.85% of the total assets placed under the Registrant’s management/advisement) and shall be based upon level and scope of the overall investment advisory services to be rendered, which is based upon <b><u>various objective and subjective factors</u></b>, including, but not limited to, the amount of the assets placed under the Registrant’s management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement, Registrant’s annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. (<b><u>See Fee Differential</u></b> discussion below).</p> <p>Registrant generally requires an account minimum of \$250,000 for investment management services. However, the Registrant, in its sole discretion, may provide investment management services to clients with accounts less than \$250,000 based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).</p> <p>Currently, the Registrant’s primary investment strategy focuses on purchasing “special situation” municipal bonds (i.e., bonds that the Registrant believes will offer a higher return and/or more yield to the client than other municipal bonds). The Registrant seeks to locate, research and invest in misunderstood, mispriced and undervalued high quality, tax-exempt bonds. The Registrant attempts to accomplish the strategy objective without extending maturities or sacrificing investment quality. The Registrant’s goal is to produce a more valuable tax-free investment for clients without materially increasing risk. (<b><u>See Strategy Limitations</u></b> discussion below)</p> <p>In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Charles Schwab &amp; Co. Inc. a member of FINRA/SIPC (“<i>Schwab</i>”). Prior to engaging Registrant to provide investment management services, the client is required to enter into a formal <i>Investment Advisory Agreement</i> with Registrant setting forth the terms and conditions under which Registrant manages the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.</p> <p>As discussed above, unless the client directs otherwise or an individual client’s circumstances</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

require, the Registrant generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions. When beneficial to the client, individual debt or equity transactions may be effected through broker-dealers with whom Registrant or the client have entered into arrangements for prime brokerage clearing services (in which event, the client shall incur both the transaction fee charged by the executing broker-dealer and a “tradeaway” fee charged by *Schwab*). In addition to Registrant’s investment management fee, brokerage commissions and/or transaction fees, the client also incurs, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Both Registrant's *Investment Advisory Agreement* and the custodial clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant’s invoice. The Investment Advisory Agreement between the Registrant and the client remains in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant refunds the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients comply with the Registrant's duty to obtain best execution, a client could pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant seeks competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant’s best execution responsibility is qualified if securities that it purchases for client accounts are no-load mutual funds that trade at net asset value as determined at the daily market close.

#### MISCELLANEOUS

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

**Please Note: Fee Differentials.** As indicated above, the Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Please Note: Strategy Limitations.** As indicated above, the Registrant’s primary investment strategy focuses on the purchase of “special situation” municipal bonds that the Registrant believes will offer a higher return and/or yield than non-special situation bonds. The Registrant **is not an asset allocator**. Accordingly, the Registrant’s investment strategy **may not be an appropriate** strategy for a client’s entire investment portfolio. Each client should be guided accordingly.

**Please Note: Limitations of Non-Investment Consulting/Implementation Services.** As indicated

	<p>above, <b><u>to the extent specifically requested by a client</u></b>, the Registrant shall provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant or insurance agent, and no portion of the Registrant’s services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). <b>The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. <u>Please Also Note</u>:</b> The Registrant does not consider itself to be a comprehensive financial planner, and does not hold itself out as providing initial and ongoing comprehensive financial planning services, including the preparation of a formal written financial plan. Rather, the Registrant’s financial planning services are generally consultative in nature and rendered upon the specific requests of the client.</p> <p><b><u>Please Note: Sub-Advisory Services.</u></b> The Registrant may provide sub-advisory services to certain unrelated investment advisers.</p> <p><b><u>Client Obligations.</u></b> In performing its services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.</p> <p><b><u>Disclosure Statement.</u></b> A copy of Registrant’s written disclosure statement as set forth on Part II of Form ADV shall be provided to each client prior to or contemporaneously with the execution of the <i>Investment Advisory Agreement</i>. Any client who has not received a copy of Registrant’s written disclosure statement at least 48 hours prior to executing the <i>Investment Advisory Agreement</i> shall have five business days subsequent to executing the agreement to terminate the Registrant’s services without penalty.</p>
Item 4B (8)	The Registrant seeks to locate, research and invest in misunderstood, mispriced and undervalued high quality, tax-exempt bonds. The Registrant performs due diligence using multiple sources of information, such as the Municipal Securities Rulemaking Board (MSRB) web site and Bloomberg, to locate bonds that it believes are appropriate investments.
Item 5	All individuals that give advice on behalf of the Registrant must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals have attained all required investment-related licenses and/or designations.
Item 6	<p><b>William J. Watkinson</b></p> <p><u>Year of birth:</u> 1945</p> <p><u>Education:</u> Mr. Watkinson holds a Bachelor of Science degree from St. Joseph's University.</p> <p><u>Business Background:</u> Mr. Watkinson is Chief Investment Officer of Watkinson Capital Advisors LLC. Mr. Watkinson previously served as an Executive Vice President for the Wealth Management Division of Penn Liberty Bank from 2004 to 2009. He has also served as Senior Vice-President of AXA Financial's Advest Division from 2001 to 2004, where he was responsible for their institutional research effort in the U.S. Mid-Atlantic region. Previously, Mr. Watkinson also served as Senior Vice President for Investec PMG Capital from 1998 to 2001, as a First Vice President for Prudential Securities from 1988 to 1998, and as a Vice President in E.F. Hutton &amp; Co.'s Public Finance Department from 1977 to 1988, responsible for municipal bond development for both private wealth clients and institutional accounts. In all, Mr. Watkinson has over 35 years of experience at a diverse set of financial services companies.</p>

Item 8C(3)	<p>Neither Mr. Watkinson nor the Registrant is a related person of CMG Capital Management Group, Inc. (“CMG”). The following is set forth for <b>full disclosure purposes</b>.</p> <p>The Registrant shares office space and equipment with CMG, an <b>unrelated</b> SEC registered investment adviser. CMG also provides certain administrative support to the Registrant. Furthermore, the Registrant and CMG have entered into a sub-advisory agreement in which the Registrant shall act as the sub-advisor for certain CMG clients who seek to invest all or a portion of their assets in municipal securities in accordance with the Registrant’s municipal securities investment strategy.</p> <p>In addition, the Registrant’s Principal, William Watkinson, has entered into a consulting arrangement with CMG to provide marketing and client development support related to municipal securities investments.</p>
Item 9E	<p>The Registrant has implemented an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics which serves to establish a standard of business conduct for all of Registrant’s Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.</p> <p>In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.</p>
Item 10	See Item 1D above.
Item 12A and 12B	<p>Please see the previous responses set forth on this Schedule F to Item 1D. In addition, to the extent applicable to the transactions to be effected, Registrant’s general policies relative to the execution of client securities brokerage transactions are as follows:</p> <p><b>Execution of Brokerage Transactions (when applicable).</b> If requested, Registrant can arrange for the execution of securities brokerage transactions for the account through broker-dealers that Registrant reasonably believes can provide “best execution.” In seeking “best execution,” the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including execution capability, commission rates, and responsiveness. Accordingly, although Registrant seeks competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.</p> <p>Over-the-Counter (OTC) securities transactions for Registrant’s clients are generally effected on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client’s account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client incurs the transaction fee imposed by the executing broker-dealer. Registrant does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.</p> <p>Registrant can (but is not obligated to) combine or “batch” client orders to obtain “best execution,” to negotiate more favorable commission rates or to allocate equitably among Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions are averaged as to price and are allocated among Registrant’s clients in proportion to the purchase and sale orders placed for each client account on any given day.</p> <p>The client can direct Registrant to use a particular broker-dealer (subject to Registrant’s right to decline and/or terminate the engagement) to execute some or all transactions for the client’s account. In such event, the client can negotiate terms and arrangements for the account with that broker-dealer, and Registrant cannot seek better execution services or prices from other broker-dealers or be</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

	<p>able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.</p> <p>In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction can cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that are be available through Registrant.</p> <p><b><u>Proxy Voting Policy.</u></b> The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.</p> <p><b>See additional disclosure at Item 13A relative to <i>Schwab</i>.</b></p>
Item 13A	<p>Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from <i>Schwab</i>, without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services available to the Registrant are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.</p> <p>As indicated above, certain support services and/or products are available to assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.</p> <p>Registrant's clients do not pay more for investment transactions effected and/or assets maintained at <i>Schwab</i> as result of this arrangement. There is no corresponding commitment made by the Registrant to <i>Schwab</i> or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.</p> <p><b><u>The Registrant's Chief Compliance Officer, William Watkinson, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.</u></b></p>