

Firm Brochure
(Part 2A of Form ADV)

Palo Capital, Inc.

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This brochure provides information about the qualifications and business practices of Palo Capital, Inc. If you have any questions about the contents of this brochure, please contact us at 949-715-2126, or by email at info@palocapital.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.

Additional information about Palo Capital, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

March 7, 2011

Material Changes

Annual updates. The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the last update. The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format with mandatory sections and organization. Hence, this brochure follows the new required format.

Since Palo Capital’s last annual update which was filed in March 2010, Palo Capital’s investment advisory fees have changed. These changes went into effect for new clients as of September 1, 2010. For existing clients as of September 1, 2010, the changes were communicated to these clients in September 2010, but the changes did not go into effect until January 1, 2011.

Full brochure available. Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 949-715-2126, or by email at info@palocapital.com.

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Advisory Business

Firm description. Palo Capital, Inc. (“PCI”) is an investment advisory firm that manages investment portfolios on a discretionary basis for individuals, pension and profit-sharing plans, estates, trusts, and not-for-profit organizations. PCI was founded in 2005.

PCI is strictly a fee-only investment management firm. The firm does not sell any products for which it receives a commission. The firm is not affiliated with entities that sell financial products or securities. No finder’s fees are accepted.

PCI does not take possession or custody of the funds or securities of any client. Assets are held in separate accounts registered in each client’s name at a brokerage firm. Client assets are not commingled with assets of other clients. As described in 12B, PCI generally recommends Charles Schwab & Co., Inc. (Schwab) to its clients as the preferred broker-dealer and custodian. PCI has an established relationship with Schwab and may in the future establish relationships with other broker-dealers.

Firm owners. PCI is a corporation with 70% of the shares owned by the Kevin F. O’Grady and Nella A. Webster Trust, and 30% of the shares owned by Derek A. Webster.

Services offered. PCI provides investment supervisory services, also known as asset management services. At the outset of the relationship with each client, PCI assesses the client’s financial and tax situations and investment objectives. These objectives are documented in a written investment policy statement. PCI invests assets in client-specific portfolios appropriate to the client’s circumstances. Clients may impose restrictions on investing in certain types of securities.

Investments are made only in securities traded on a public exchange. Investments are primarily made in equities of individual companies traded on a U.S exchange. However, investments may also include foreign securities, exchange-traded funds (ETFs), mutual funds, options, U.S. Treasury securities, and debt issues of corporations and government entities.

PCI sometimes provides limited consultation services to its investment management clients on investment and non-investment related matters. When PCI provides such consultation services, PCI generally does not charge any fee for such services other than the investment management fees described below.

As of February 28, 2011, PCI managed \$112,518,967 in client assets for 119 clients. All of these assets were managed on a discretionary basis. No assets were managed on a non-discretionary basis. The \$112,518,967 in managed client assets excludes assets managed for firm employees and principals.

Legal agreements. PCI clients enter into a Discretionary Investment Management Agreement with each of its clients. This agreement sets forth the terms and conditions under which PCI manages clients’ assets. Such agreements may be terminated by the client within the first five business days without any fees or penalties. Once the initial five-day period has passed, clients may terminate the agreement effective 30 days following written notice to PCI.

Clients also enter into a separate custodial/clearing agreement with the broker who will hold custody of their assets. PCI is not a party to this agreement.

Fees and Compensation

Fee schedules. Advisory fees are charged based on the average daily value of a client's assets under PCI management during the billing period. Like many investment advisors, PCI's fee schedules are "tiered." This means that the rate charged declines as the amount of assets under management passes certain thresholds. For purposes of the tiers within the fee schedules shown below, PCI generally combines assets from different accounts held by members of a client's immediate family living in the same household.

Fee schedule for equity and balanced accounts. For accounts holding either equities (stocks or stock funds) or a mix of equities and fixed income assets, the fee schedule is as follows:

First \$500,000	1.30% per annum
Next \$500,000	1.25% per annum
Next \$1.0 million	1.10% per annum
Next \$2.0 million	1.00% per annum
Next \$2.0 million	0.90% per annum
Amounts above \$6.0 million	0.85% per annum

Fee schedule for accounts holding only fixed income. For accounts holding only fixed income securities (bonds and bond funds) and cash or cash equivalents, the fee schedule is as follows:

First \$500,000	0.50% per annum
Next \$500,000	0.40% per annum
Amounts above \$1.0 million	0.35% per annum

Fee schedule exceptions. Exceptions to the preceding fee schedules are: (i) fees for accounts of \$6,000,000 or more are sometimes negotiated; (ii) advisory fees are discounted by 25% for family members of PCI employees and for not-for-profit charitable organizations; (iii) PCI employees are not charged advisory fees; (iv) fees for accounts moving from other advisors may be modified on a time-limited basis.

How fees are billed. Investment management fees are billed quarterly, in arrears, meaning that invoices are sent after each three-month calendar quarter has ended. Payment is due upon invoice presentation. Fees are deducted from client accounts unless there are tax or legal reasons for payment of fees from a different source. In such cases, clients may be billed.

Minimum fee. The minimum quarterly fee per client is \$750. There is no minimum fee per account. PCI has discretion to waive the minimum fee depending on circumstances.

Fees paid to other parties. PCI clients may be charged fees by third parties such as custodians, brokers, and mutual funds in connection with PCI's management of their accounts. These fees are separate from fees which clients pay to PCI. PCI has structured its custodial and trading relationships and its investment practices so that these fees are kept very small in relationship to the amount of each client's assets. Examples of these fees are as follows:

- Brokers through whom PCI executes trades charge commissions or transaction fees on the purchases or sales of most securities except certain mutual funds.

- Custodians who hold clients assets may charge for certain services such as wire orders or handling tender offers.
- Mutual funds incur costs for the services of the fund manager and other items. These costs are referred to as the “expense ratio.” A fund with an expense ratio of 0.80% means that costs paid out of fund assets equal eight tenths of one percent of fund assets. Although the accounts of investors in mutual funds do not see a separate charge, these costs are paid from assets of the fund’s investors. The expense ratio is one reason why PCI generally invests through securities other than mutual funds.

Performance-Based Fees

PCI does not use performance based fees. This section is included in this brochure due to regulatory requirements.

Types of Clients

PCI provides investment advice to individuals, pension and profit sharing plans, trusts, estates, and charitable organizations.

The minimum account size is \$300,000 of household assets under management. PCI has discretion to waive the account minimum. Accounts of less than \$300,000 may be set up when it is anticipated that the client will add additional funds to bring the total to \$300,000 within a reasonable time. Accounts set up with assets below \$300,000 are still subject to the minimum quarterly fee of \$750. PCI has discretion to waive the minimum fee.

Methods of Analysis, Investment Strategies and Risk of Loss

Analysis methods. PCI’s investment approach is based primarily on analysis of financial and other fundamental data. However, because financial data is inevitably historical in nature, PCI employs various approaches in addition to fundamental analysis in order to develop inferences about future security prices. These approaches include but are not limited to:

- Technical analysis of price and volume trading patterns.
- Identification of trends which may impact certain companies or industries.
- Review of holdings and transactions of company insiders and investors with a history of successful investment in certain companies or industries

Sources of information used include financial newspapers and magazines, Bloomberg and other online securities databases, filings with the Securities and Exchange Commission, company press releases, company conference calls and other presentations, inspections of corporate activities, research materials prepared by others, and corporate rating services.

Investment strategies. Under most market conditions, PCI employs a patient, low turnover investment approach, targeting long-term gains. Investments are restricted to publicly traded securities. For equities, PCI invests primarily in stocks of individual companies. However, PCI

also invests in ETFs (Exchange-Traded Funds), mutual funds and options contracts. Options are generally used only to reduce risk of a decline in a current holding by selling covered call options. Clients are offered a choice as to whether or not they wish to allow the use of options in their accounts. PCI also employs short-selling in accounts in which it is permitted. Short-selling is a more complex investment strategy that entails exposure to losses which are at least theoretically unlimited. Clients are offered a choice as to whether or not they wish to allow the use of short-selling in their accounts. For fixed income investments, PCI invests in both mutual funds and individual bonds depending on client needs and market conditions.

PCI offers clients the following types of accounts:

- Capital Appreciation Accounts seek to achieve maximal, long-term capital appreciation by investing in publicly listed securities without constraints based on market capitalization, style, asset class, country, or industry sectors. Investments typically consist of 100% individual equities, and include both domestic and non-U.S. companies. In comparison to broad market indices, these accounts include greater exposure to small capitalization stocks. Minimizing short-term volatility is not an explicit objective. However, during periods of perceived elevated market risk, PCI may raise cash, use option strategies, or engage in short selling in Capital Appreciation accounts for which these strategies are permitted. The vast majority of assets invested with PCI are invested with this strategy.
- Core Equity Accounts seek to achieve results that exceed the returns of the Standard & Poor's (S&P) 500 Index over a full market cycle. In comparison to PCI's Capital Appreciation Strategy, the Core Equity Strategy is designed to be somewhat less volatile due to its larger average market capitalization and a greater emphasis on companies with more predictable business models, stronger balance sheets, and/or dividend payment. In contrast to the S&P 500 Index, the Core Equity Strategy usually includes exposure to non-U.S. and smaller capitalization equities. Hence, accounts managed under this strategy will typically be more volatile than the broad market irrespective of the strategies employed to lessen volatility. This strategy was introduced by PCI in March 2010.
- Balanced Accounts hold both equities and fixed income. The equities are managed under either the Capital Appreciation or Core Equity Strategies described above. The amount and type of fixed income is dependent on market conditions on individual client circumstances.
- Income Accounts include a blend of dividend-paying equities and fixed income. The specific mix is dependent on market conditions and individual client circumstances.

PCI's seeks to maintain diversification in client portfolios in terms of the number of securities and the distribution of securities among different industries. However, the degree of diversification is usually less than that practiced by most investment managers. Furthermore the mix of industries in client portfolios often differs significantly from the industry distribution of the broad market. Hence, the decisions that PCI makes as to stock selection and weighting of various industries may cause PCI's client portfolio to do materially worse than the market when PCI "gets it wrong" or to do materially better than the market when PCI "gets it right."

Risk of loss. Every investment program exposes the investor to certain risks. Investors must be aware that these risks could result in a decline in the value of their assets. Risks to which PCI clients are exposed and which PCI continually balances against the opportunity for gain include:

- Market risk. The price of a security or a portfolio may decline due to a general decline in markets for financial assets. Such declines occur periodically and can be triggered by many different combinations of political and economic events.
- Business risk. Individual securities may decline due to a wide variety of adverse events impacting specific companies or industries. For example, oil-drilling companies depend on finding oil and then being able to sell it at a price high enough to generate enough profit to justify their stock price. Technology companies depend on getting attractive products to market before their competitors do.
- Financial risk. Excessive borrowing to finance a company's operations increases risk because the company must pay interest on its debt in good times and bad. During economic downturns, companies with high debt levels run a greater risk of bankruptcy or having their stock value decline due to a sharp profit decline.
- Liquidity risk. Liquidity is the ability to readily convert an investment into cash. Assets are more liquid if the asset can be readily bought and sold. Treasury bills are highly liquid, while real estate properties are not. Some studies have shown that less liquid stocks (stocks with lower trading volumes) outperform more liquid stocks over time. In market downturns such as 2008 however, less liquid securities generally decline in value much more than more liquid stocks.
- Inflation risk. Inflation reduces the purchasing power of assets. If assets do not generate a return higher than inflation, the investor is actually losing purchasing power.
- Currency risk. Investment returns are influenced by fluctuations in the relative value of different currencies. When the dollar declines against other currencies, foreign stocks and commodity-based stocks generally do well. When the dollar is strong, the opposite usually occurs.
- Interest-rate risk. Fluctuations in interest rates often impact investment prices. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Reinvestment risk. If interest rates decline, future proceeds from investments may have to be reinvested at a lower rate of return. This primarily relates to fixed income securities.

Disciplinary Information

Neither PCI nor any of its employees have ever been involved in any legal or disciplinary events related to any investment advisory activity.

Other Financial Industry Activities and Affiliations

PCI has no arrangement with any related person involved in providing financial services other than those provided directly by PCI.

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

Code of Ethics. All PCI employees have individually committed to a Code of Ethics designed to comply with Rule 204A-1 of the Investment Advisers Act of 1940. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

This Code establishes rules of conduct for PCI employees. It is based on the principle that PCI and its employees owe a fiduciary duty to put our clients' interests first, and to avoid any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. Specific duties addressed in the code include:

- The duty to have a reasonable basis for the investment advice provided;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives and circumstances;
- The duty to seek best execution for client transactions when Palo Capital is in a position to direct brokerage transactions for the client;
- The duty to refrain from trading in securities for their personal portfolios where their decision is substantially derived from their employment, unless the information is also available to the investing public on reasonable inquiry; and
- The duty to conduct personal securities transactions in a manner that places client's interests before personal interests.

Participation or Interest in Client Transactions. PCI employees commonly invest in securities in which we invest client assets. We believe that this practice of "eating our own cooking" helps ensure maximal involvement with our investment processes and contributes to better investment results for our clients.

However, this approach creates a potential conflict of interest. For securities that are not highly liquid, trades by PCI employees could raise the prices paid by PCI clients on purchases, or lower the prices received by clients on sales, if the personal trades are placed in such manner that they compete with client trades.

Hence, trading by PCI employees in their personal accounts is governed by policies designed to eliminate any impact from competition with client orders. In general, these policies call for personal trades of PCI "supervised persons" to be placed after similar client trades have been executed. "Supervised person" means any employee or other person who provides investment advice or who participates in portfolio management decisions. Although this policy is designed to protect the interests of PCI clients, it cannot guarantee that client trades will always be made at a better price than trades in PCI personal accounts due to fluctuations in market prices from minute to minute.

Personal trading. The Chief Compliance Officer of PCI is Kevin O'Grady. He reviews all employee trades each quarter to assess compliance with PCI's policies and procedures governing personal trading. His personal trades are reviewed by Michael Cannivet.

Brokerage Practices

Custodian and brokers. PCI does not maintain custody of client assets. Client assets must be held in an account at a “qualified custodian” who is usually a broker-dealer. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer as the custodian. PCI is independently owned and not affiliated with Schwab. Schwab holds our client’s assets in a brokerage account and buys or sells securities when PCI or the client instructs them to do so. Although PCI recommends Schwab, it is the client’s decision whether to do so. Clients open accounts with Schwab by entering into an account agreement directly with Schwab. We do not open the account for our clients, although we typically assist with this process. When Schwab is the custodian for an account, we can still use other brokers to execute trades subject to the issues discussed below.

How we select custodians/brokers. In choosing a custodian/broker, our objective is to choose a firm whose services are the most advantageous on an overall basis taking into account a wide range of factors including the following:

- Combination of trade execution services and asset custody services;
- Capability to execute, clear, and settle trades;
- Capability to facilitate transfers and payments to and from accounts;
- Cost of the services offered, and willingness to negotiate the prices;
- Reputation, financial strength, and stability;
- Availability of specialized personnel and software that assist PCI in delivering our services.

Costs for custody and brokerage services. For PCI clients’ accounts, Schwab does not charge separately for custody services. Schwab is compensated by charging commissions or other fees on trades that it executes or settles in our clients’ accounts. PCI does not receive any payment for commissions incurred as a result of its clients’ trades.

Clients may direct that trades in their accounts are placed through a specific broker other than Schwab, although this may result in higher costs. If we route a trade for your Schwab account through a different broker-dealer, Schwab charges a “trade away” fee. This fee is in addition to the compensation paid the executing broker-dealer. To minimize trading costs, we execute almost all trades through Schwab. This approach is consistent with our duty to seek “best execution” which means the most favorable terms for a transaction based on all relevant factors. While PCI believes that Schwab’s commission rates are very competitive, for almost any transaction there will be a broker-dealer offering a lower commission rate. In determining whether to use Schwab or another broker-dealer, PCI uses its good faith judgment taking into consideration:

- Execution capabilities (the dollars at issue here often exceed total commissions rates);
- Brokerage commissions rates;
- Size and execution difficulty of the transaction;
- Quality of the overall brokerage and customer service provided by a broker-dealer.

Products and services available to PCI from Schwab. Schwab Advisor Services™ is the part of Schwab that serves independent investment advisory firms like PCI. Schwab Advisor Services provides PCI and our clients access to institutional brokerage services (trading, custody, reporting, etc.) some of which are not generally available to Schwab retail customers. Some of these services offer direct benefit to our clients. Other services help PCI manage our clients' accounts or help us manage our business as further described below.

Schwab provides PCI services that may not directly benefit our clients. Schwab makes available to PCI products and services that directly benefit PCI but may benefit our clients only indirectly. Examples include:

- Investment research, both Schwab's own and that of third parties;
- Specialized software and electronic data downloads;
- Access to institutional brokerage trading and customer service personnel;
- Consulting on technology, compliance, legal, and business issues;
- Publications and conferences on practice management and business succession;
- Educational events, some of which involve entertainment for PCI personnel;
- Discounts on various business services such as UPS delivery and liability insurance.

These services may represent an economic benefit to PCI in that PCI is either not charged for these services or charged at a rate lower than the rate which might apply absent PCI's relationship with Schwab. PCI is obligated to note that this situation is a potential conflict of interest. However, after considering the scope, quality, and price of Schwab's services in comparison to those of alternative custodian broker/dealers, we believe that our decision to work with Schwab is in the best interests of our clients.

Best Execution. PCI reviews the execution of trades at each custodian each quarter. This review is documented in the PCI *Compliance Manual*. Trading fees charged by broker/dealers are also reviewed on a quarterly basis. PCI does not receive any portion of the trading fees.

Soft Dollars. Arrangements under which an investment advisor receives research or other products or services in return for directing business to a broker-dealer are referred to as "soft dollar" arrangements. While such arrangements may be consistent with the best interests of the advisor's clients, PCI has no such arrangements at present except in so far as PCI's relationship with Schwab described above might be construed as a form of a soft dollar arrangement.

Order Aggregation. PCI commonly aggregates trades across multiple accounts in order to assure the best overall price on such transactions and fairness to all clients. Personal trades of PCI employees are not included in these "block" trades to avoid competition with clients' orders. Smaller trade orders made in response to review of an individual account are commonly placed directly in the individual account as opposed to through a block trade. Personal trades of PCI "supervised persons" are not included in block trades.

Review of Accounts

Periodic reviews. PCI conducts the following reviews:

- **Individual securities.** On a continuous basis, all securities held in accounts managed by PCI are monitored by PCI's Investment Committee (Kevin O'Grady and Michael Cannivet) for news developments and technical activity (price and volume data). Each security is rated against all equities followed by PCI as to its relative attractiveness. On at least a quarterly basis, PCI also reviews each company's financial data, industry outlook, fit with PCI's investment themes and macroeconomic outlook, and whether PCI's investment thesis for the security remains intact.
- **Investment strategy.** On a quarterly and ongoing basis, PCI's investment committee conducts a review of its investment strategy. This process encompasses a review of data and third-party research on macroeconomic conditions. PCI's investment themes are reviewed in terms of market performance, economic conditions, business cycles, and technology, political, and social developments related to these themes.
- **Account reviews.** The performance of all accounts are monitored on a daily basis and reviewed at least quarterly. A more detailed annual review is conducted at least once a year by Kevin O'Grady, Michael Cannivet, and/or Nella Webster O'Grady.

Review triggers. Events which can trigger additional reviews beyond those described above include (i) unfavorable performance against account benchmarks; and (ii) changes in a client's financial situation or objectives.

Client reports. In addition to the monthly custodian statements, communications by PCI with its clients include:

- Quarterly performance reports comparing account performance to benchmark indices
- Annual detailed written report on PCI's economic and investment outlook.
- Quarterly written updates on PCI's investment outlook and strategy.
- Periodic written commentaries on market developments.
- Annual phone or in person meeting to review client's accounts and investment objectives.
- Ad hoc phone or email communications on market conditions, clients' accounts, or clients' investment objectives.

Client Referrals and Other Compensation

Incoming referrals. PCI enjoys an ongoing flow of prospective client referrals. These referrals came from current clients, accountants, attorneys, friends of our employees and other sources. The firm does not compensate referring parties for these referrals.

Referrals out. PCI frequently assists clients or prospective clients with their needs by referring them to accountants, attorneys, CPAs, independent trustees, and other financial services firms and professionals. PCI does not accept referral fees or any form of remuneration from these firms or professionals when we refer a prospect or client to them.

Custody

All assets of PCI clients are held at qualified custodians usually Charles Schwab. These custodians provide monthly account statements directly to clients at their address of record. Clients should compare the account statements received directly from their custodians to the performance reports provided at least quarterly by PCI. These reports will often differ somewhat due to trades that have not yet settled on the last date of the report period. However, if there is any material discrepancy not easily explained by unsettled trades, clients should alert PCI to the discrepancy and request clarification of the discrepancy.

While Palo Capital does not hold client assets, under certain government regulations we may be deemed to have custody of your assets if you authorize our advisory fees to be deducted directly from your account.

Investment Discretion

PCI clients assign to PCI discretionary authority to manage their investment accounts. Discretionary authority means that PCI has the authority to direct security transactions in client accounts without obtaining separate client consent for each trade. It would be impractical for PCI or similar firms to manage client accounts without discretionary trading authority unless the investment advisory fees were much higher or the investment strategies were much simpler.

Discretionary trading authority is assigned to PCI by means of a “limited power of attorney (“LPOA”)” by which clients grant to PCI certain specified powers related to trading securities. This LPOA is revocable by the client at any time for any reason.

Voting Client Securities

PCI cannot vote proxies on client securities. PCI may sometimes provide recommendations to clients on proxy votes. If a proxy vote entails a conflict of interest for PCI, this conflict will be disclosed if a recommendation is made.

Financial Information

PCI does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not included here because PCI does not serve as a custodian for client funds or securities, and does not require prepayment of fees.

Business Continuity Plan

PCI has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people due to disasters or other causes. Electronic files are backed up daily and archived offsite.

Information Security Program

Information security. PCI maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy notice. PCI is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for financial planning, and information about transactions between you and third parties.

With your permission, we disclose limited information to attorneys, accountants, and lenders with whom you have established a relationship. You may terminate our sharing information with these third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we also share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards. PCI requires that its advisors have a bachelor's degree and further coursework demonstrating knowledge relevant to investment practice and/or financial planning. Examples of such coursework include studies towards an MBA, a CFP[®], and a CFA. Advisors must also have work experience that demonstrates their ability in investment management and/or financial planning.

Professional Certifications. PCI employees hold credentials that are required to be explained in further detail as below.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board.
- Successful completion of the 10-hour CFP[®] Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in investment decision-making.
- Fulfill society requirements which vary by society, e.g., two sponsor statements.
- Agree to the Member's Agreement and a Professional Conduct Statement.

Kevin F. O'Grady

President and Chief Investment Officer. Born 1950.

Educational Background

1972 B.A., magna cum laude, Brown University, Providence, RI.
1977 M.D., Stanford University, Palo Alto, CA.
1982 M.S., Health Services Administration, UCLA, Los Angeles, CA.

Business Experience

1981-1983 Research Scientist, Dept. of Economics, Rand Corporation
1983-1988 Vice President, Health Data Institute, Boston, MA. Healthcare cost management firm serving Fortune 100 employers.
1989-1998 President, Center for Healthcare Information, Inc
1999-2003 Chief Financial Officer, Valence Semiconductor, Irvine, CA
2003-2005 Private Investor
2005 to date President, Palo Capital, Inc.

Disciplinary Information

No history of any disciplinary action.

Other Business Activities

No business activities other than Palo Capital.

Additional Compensation

No additional compensation other than Palo Capital.

Supervision

As the firm president, Mr. O'Grady does not report to anyone else. His written client work and investment actions are work are seen by other members of the firm.

Michael J. Cannivet

Portfolio Manager and Senior Analyst. Born 1979.

Educational Background

2001 B. A. Government, Georgetown University, Washington, DC.
2010 Passed Level II of the Chartered Financial Analyst (CFA) examination process.

Business Experience

2001-2004 Lending Officer, SunTrust Banks
2004-2005 Investor Relations Manager, Liolios Group
2005-2009 Equity Research Analyst, Fisher Investments
2009 to date Portfolio Manager/Senior Analyst, Palo Capital, Inc.

Disciplinary Information

No history of any disciplinary action.

Other Business Activities

No business activities other than Palo Capital.

Additional Compensation

No additional compensation other than Palo Capital.

Supervision

Michael Cannivet is supervised by Kevin O'Grady, Palo Capital's President who reviews Mr. Cannivet's work through daily meetings, conversations, and email correspondence, as well as through review of Mr. Cannivet's written work and portfolio decisions. Kevin O'Grady can be reached at 949-715-2126 or at kogrady@palocapital.com.

Nella Webster O'Grady

Principal. Born 1949.

Educational Background

1971 B. A., Economics and Business, Chapman University, Orange, CA
1974 M.B. A. California State University at Long Beach, Long Beach, CA
1985 CFP® designation from College for Financial Planning

Business Experience

1971-1993 Vice President Business Development, Security Pacific Bank Trust Division
1993-2001 Vice President & Senior Business Development Officer, US Trust
2001-2003 Managing Director, Wilmington Trust
2003-2008 Regional Vice President, First American Trust
2008-2009 Senior Vice President and Trust Manager, First Foundation Bank
2009 to date Principal, Palo Capital, Inc.

Disciplinary Information

No history of any disciplinary action.

Other Business Activities

No business activities other than Palo Capital.

Additional Compensation

No additional compensation other than Palo Capital.

Supervision

Nella Webster O'Grady is supervised by Kevin O'Grady, Palo Capital's President who reviews Ms. O'Grady's work through daily meetings, conversations, and email correspondence. Kevin O'Grady can be reached at 949-715-2126 or at kogrady@palocapital.com.

Susan Niedwick

Investment Adviser Representative. Born 1974.

Educational Background

1996 B. A., Finance, University of Utah, Salt Lake City, UT.
1997 B. A., French, University of Utah, Salt Lake City, UT.
2003 CFP® designation from College for Financial Planning

Business Experience

1999-2004 Investment Specialist for Charles Schwab & Co.
2004-2005 Vice President – Wealth Management Adviser, First American Trust, FSB
2006-2007 Director, Professional Relations, Wealth Management Network, LLC
2007-2010 Registered Investment Advisor, Susan Niedwick, CFP®
2010 to date Investment Adviser Representative, Palo Capital, Inc

Disciplinary Information

No history of any disciplinary action.

Other Business Activities

No business activities other than Palo Capital.

Additional Compensation

No additional compensation other than Palo Capital.

Supervision

Susan Niedwick is supervised by Kevin O'Grady, Palo Capital's President who reviews her work through periodic meetings, conversations and email correspondence as appropriate to workflow. Kevin O'Grady can be reached at 949-715-2126 or kogrady@palocapital.com.