

Tanner Capital Management, LC

Form ADV Part 2A

Investment Adviser Brochure

March 2011

This brochure provides information about the qualifications and business practices of Tanner Capital Management, LC. If you have any questions about the contents of this brochure, please contact J. David Tanner, Managing Member and Chief Compliance Officer. 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 Tanner Capital Management, LC is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2: Summary of Material Changes

Introduction

In July, 2010, the United State Securities and Exchange Commission published a new rule “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to Tanner Capital Management, LC’s (TCM or the Firm) Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Full Brochure Available

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, TCM’s Brochure may be requested by contacting J. David Tanner, Managing Member and Chief Compliance Officer, at 801.377.1144 or david.tanner@raymondjames.com.

Additional information about TCM is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with TCM who are registered, or are required to be registered, as investment adviser representatives of TCM.

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Item 4: Advisory Business

Firm Description and Types of Advisory Services

TCM is an investment adviser. TCM provides investment advisory and financial planning services to individuals, pension and profit sharing plans, trusts and estates. TCM may also select other advisors for clients. TCM was founded in 1997.

Principal Owners

TCM is owned jointly by J. David Tanner, Managing Member and Chief Compliance Officer, and Natalie R. Tanner, his wife.

Types of Advisory Services

Investment Advisory Services

TCM provides continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions, goals and objectives are established based on a client's particular circumstances, then TCM creates and manages a portfolio based upon the objectives. TCM manages these advisory accounts on a discretionary or non-discretionary basis.

TCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Mutual Funds, ETFs, separately managed accounts, and alternative investments will be selected on the basis of any or all of the following criteria: performance history, industry sector, track record, management style, and philosophy of the manager (as applicable). Portfolio weighting between investment types and market sectors will be determined by each client's individual needs and circumstances.

PASSPORT

TCM provides a fee-based account, PASSPORT, through Raymond James & Associates, Inc. (RJA) an affiliate of Raymond James Financial Services, Inc. (RJFS), a FINRA-member broker-dealer and registered investment adviser.

Using the PASSPORT account, TCM provides the client with ongoing investment advice and monitoring of securities holdings. TCM will manage accounts on a discretionary or non-discretionary basis according to the client's stated objectives and risk tolerance. The client pays an advisory fee on the assets in their account and a nominal transaction charge in lieu of commission for each transaction.

RAYMOND JAMES CONSULTING SERVICES

TCM provides a fee-based account, Raymond James Consulting Services (RJCS), through RJA.

Through the RJCS program, TCM will assist the client in selecting portfolio managers (subadvisors for the RJCS program), based upon the client's financial needs and

investment objectives. The client is provided with ongoing investment advice including, establishment of custodial facilities, monitoring of performance, accounting and other administrative services and assistance to portfolio managers with certain trading activities. There is no direct agreement between the subadvisor and the client. Clients may contact the subadvisor, but generally do so through TCM or the RJCS Client Services Department.

FREEDOM ACCOUNT

TCM provides a fee-based account, FREEDOM, through RJA. Using the FREEDOM account, TCM provides the client with asset allocation investment portfolios utilizing either ETFs or mutual funds. TCM will manage accounts on a discretionary or non-discretionary basis according to the client's stated objectives and risk tolerance. FREEDOM offers many investment strategies, including Aggressive Equity, Growth Equity, Balanced with Growth, Balanced, Equity Income and Income portfolios.

Clients most appropriate for the mutual fund version of FREEDOM are those willing to pay more for the potential to outperform the market or benchmark indices over the long term, but should be aware the potential to underperform is just as great. Clients most appropriate for the ETF version of FREEDOM are those willing to achieve market-like returns, less management fees and operating expenses, with little potential for the individual ETFs outperforming the respective indices they track.

An RJFS Investment Committee selects the representative funds and monitors their performance on a continuing basis. The Investment Committee's decisions will be driven by AMS Manager Research and Due Diligence, and the mutual fund strategies may include Highly Recommended funds from the Raymond James Mutual Fund Research (MFR) coverage list. However, the Investment Committee is under no obligation to select funds exclusively from MFR's Highly Recommended list. For funds selected by the Investment Committee that are not covered by MFR, it is likely that MFR will at some point in the future assume research coverage of the fund(s), and that such funds may be rated Highly Recommended by MFR. AMS Manager Research and Due Diligence continually monitors the funds in the FREEDOM account. If a fund is downgraded by MFR, the Investment Committee will convene and determine the appropriate course of action, which may include replacing the downgraded fund in all FREEDOM accounts, if necessary.

FREEDOM UNIFIED MANAGED ACCOUNT ("UMA") PROGRAM

The client appoints Raymond James as their investment adviser in selecting a compatible investment strategy developed by the AMS Investment Committee, and in recommending, selecting and monitoring affiliated or unaffiliated investment advisers registered with the Securities and Exchange Commission ("Managers") with which Raymond James has entered into a subadvisory agreement, and, if selected by the client, open-end mutual funds, which may include affiliates of Raymond James, with which Raymond James has entered into a selling agreement with the fund company.

Raymond James provides multiple asset allocation investment strategies (the “Strategy” or “Strategies”) and respective target allocations. AMS develops the Strategies and respective target allocations, and selects and monitors Portfolio Managers and funds in the Strategies, through which: (i) Raymond James recommends numerous Managers that provide non-discretionary investment services for the benefit of Program Clients; (ii) as part of the Program, the Managers provide Raymond James model portfolios representing securities recommended by the Managers within a particular discipline; (iii) Raymond James utilizes the model portfolios in providing a composite account for the benefit of Program Clients; (iv) depending on the Strategy or Strategies select by the client, open-end mutual funds (“Fund” or “Funds”) may comprise a portion of the composite account; and (v) the composite account is part of the Program Strategy or Strategies the client chooses to utilize.

The client will complete a Client Profile setting forth their investment objectives, financial situation, time horizon, risk tolerance, investment restrictions, and any additional instructions. Raymond James relies on the financial and other information provided by the client, and the client agrees to inform Raymond James of any material change in the information provided in the Profile or in their financial circumstances which might affect the manner in which their assets are invested. Raymond James’ recommendation of a Strategy to a client will be based on Raymond James’ determination that the Strategy chosen by the client is consistent with the client’s investment objectives as stated in the Profile. The client’s financial advisor provides assistance in evaluating available Strategies to determine suitability, but ultimately it is the appropriate Strategy to meet their needs.

Leveraging off the research performed by AMS Manager Research & Due Diligence, the AMS Investment Committee constructs multiple investment Strategies comprised of a combination of Managers and, if selected by the client, Funds representing a broad array of asset classes and investment styles. The AMS Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are complementary to one another. The composition of a given Strategy may include domestic and international equities, and where applicable, fixed income, real estate investment trusts and commodity funds to enhance diversification. Strategies available in the FREEDOM UMA Program include: Conservative Balanced, Equity Income, Balanced, Balanced with Growth, Growth and Aggressive. Target allocations for the above Strategies are available upon request through your financial advisor.

The target allocation of the above Strategies applies at the time the client establishes a FREEDOM UMA account. Additions to and withdrawals from an account will generally be invested based on the target allocation. Fluctuations in the market value of securities, as well as other factors, however, will affect the actual asset allocation at any given time. Raymond James will annually rebalance the client’s account, based on the anniversary date of its establishment, if at such time the actual asset allocation varies by more than certain predetermined percentages from the target allocation, as established by the

AMS Investment Committee. Raymond James may rebalance an account upon the client's request. The AMS Investment Committee reserves the right to modify the target allocation based on changes to its capital markets outlook.

There is generally a minimum investment of \$300,000 for clients to be eligible for the FREEDOM UMA Program, although the Conservative and Aggressive Strategies require a minimum investment of \$600,000. Below minimum accounts are not eligible to participate, nor can accommodations be made for accounts that otherwise qualify to participate, but do not meet the respectively higher Strategy minimums. For example, a \$500,000 account that qualifies for the \$300,000 minimum Strategy allocation cannot invest in a \$600,000 Strategy allocation until it reaches the \$600,000 minimum asset level. Details regarding available Strategies and their respective allocations are available upon request through your financial advisor.

Upon the client's selection of a Strategy, the client authorizes Raymond James to assume all investment duties with respect to assets held in the client's FREEDOM UMA account and to exercise sole investment authority with respect to such assets. Raymond James will thereafter invest and reinvest the assets in such stocks, bonds, or other property of any kind as it deems is in the client's best interest in order to achieve the investment objective(s) identified by the client, without regard to holding period, portfolio turnover or resulting gain or loss. In the event AMS changes its opinion of a Manager or Fund such that it is no longer able to recommend that Manager or Fund within a given Strategy, Raymond James reserves the right to remove and replace the Manager or Fund with an alternative Manager or Fund without the client's prior consent. However, Raymond James will not replace an unaffiliated Manager with an affiliated Manager without the client's. Affiliated Funds are not considered for investment by the AMS Investment Committee in the FREEDOM UMA Program.

Eagle Asset Management, Inc. and Eagle Boston Investment Management, Inc are registered as investment advisers with the Securities and Exchange Commission and are wholly-owned subsidiaries of RJF. The participation of affiliated Managers may create an incentive for Raymond James to recommend an affiliated Manager over a similarly qualified and suitable non-affiliated Manager. Each Strategy available in the FREEDOM UMA Program has been constructed by the AMS Investment Committee to offer an alternative that does not contain an affiliated Manager, at each minimum asset level.

MANAGED COMPLETION PORTFOLIOS PROGRAM

The client appoints Raymond James as their investment adviser in selecting a compatible investment strategy developed by the AMS Investment Committee, and in recommending, selecting and monitoring affiliated and unaffiliated open-end mutual funds with which Raymond James has entered into a selling agreement with the fund company. The Managed Completion Portfolios Program ("Completion Portfolios") is an investment advisory account which allocates client assets, through discretionary mutual fund ("Fund") management, based upon the client's financial objectives and

tolerance for risk. The AMS Investment Committee determines the asset allocation, selects the representative funds and monitors their performance on a continuing basis. Unlike the aforementioned FREEDOM UMA and FREEDOM programs which are diversified across multiple asset classes and investment styles within each Strategy (i.e., fully allocated investment solution), Completion Portfolios are intended to “complete” an investor’s portfolio assuming they already have equity and/or fixed income investment allocations.

The client will complete a Client Profile setting forth their investment objectives, financial situation, time horizon, risk tolerance, investment restrictions, and any additional instructions. Raymond James relies on the financial and other information provided by the client, and the client agrees to inform Raymond James of any material change in the information provided in the Profile or in their financial circumstances which might affect the manner in which their assets are invested. Raymond James’ recommendation of a Strategy to a client will be based on Raymond James’ determination that the Strategy chosen by the client is consistent with the client’s investment objectives as stated in the Profile. The client’s financial advisor provides assistance in evaluating available Strategies to determine suitability, but ultimately it is the client that chooses the most appropriate Strategy to meet their needs.

Leveraging off the research performed by AMS Manager Research & Due Diligence, the AMS Investment Committee constructs multiple investment Strategies comprised of Funds representing a broad array of investment styles within the alternative, fixed income and international equity asset classes. Within each asset class, the AMS Investment Committee identifies investment styles that perform differently under varying market conditions, yet are complementary to one another. Participating Funds and target allocations for the Strategies are available upon request through your financial advisor.

The target allocation of the above Strategies applies at the time the client establishes a Completion Portfolios account. Additions to and withdrawals from an account will generally be invested based on the target allocation. Fluctuations in the market value of Funds, as well as other factors, however, will affect the actual asset allocation at any given time. Raymond James will annually rebalance the client’s account, based on the anniversary date of its establishment, if at such time the actual asset allocation varies by more than certain predetermined percentages from the target allocation, as established by the AMS Investment Committee. Raymond James may rebalance an account upon the client’s request. The AMS Investment Committee reserves the right to modify the target allocation based on changes to its capital markets outlook.

There is a minimum investment of \$50,000 for all Strategies, although smaller accounts may be accepted based on the specific circumstances of an account.

Upon the client’s selection of a Strategy, the client authorizes Raymond James to assume all investment duties with respect to assets held in the client’s Completion Portfolios account and shall have sole investment authority with respect to such assets.

Raymond James will thereafter invest and reinvest the assets of each account, based upon the Strategy selected by the client, in such Funds as it deems in the best interest of Client in order to achieve the investment objective(s) identified by the client, without regard to holding period, portfolio turnover or resulting gain or loss. While Strategies are generally comprised of Funds, the client should understand that Raymond James may decide to invest a certain portion of the client's account in other securities to maintain trading flexibility and/or market exposure, or to enhance diversification. For example, the AMS Investment Committee may determine that a Fund should be replaced, but may not have an immediate replacement Fund candidate. In such an event, the AMS Investment Committee may redeem the current Fund in its entirety and invest the proceeds in an ETF(s) or other investment until a suitable replacement Fund(s) is selected, or may elect to invest in an ETF or another investment if it believes doing so would potentially enhance the diversification within a given Strategy. In the event AMS changes its opinion of an investment such that it is no longer able to recommend that security within a given Strategy, Raymond James reserves the right to remove and replace the Fund (or other security) with another investment without the client's prior consent.

Eagle Asset Management, Inc. is registered as an investment company with the Securities and Exchange Commission and is wholly-owned subsidiary of RJF. The participation of affiliated Funds may create an incentive for Raymond James to recommend an affiliated Fund over a similarly qualified and suitable non-affiliated Fund. However, Raymond James does not receive additional compensation for recommending an affiliated Fund over a non-affiliated Fund. Each Strategy available in the FREEDOM Program has been constructed by the AMS Investment Committee to offer an alternative that does not contain an affiliated Fund. Clients may select a Strategy that does not invest in Funds affiliated with Raymond James. Tax-qualified retirement accounts will be automatically invested in the selected Strategy that does not invest in affiliated Funds, as federal regulations prohibit affiliated Funds from being purchased in tax-qualified retirement advisory accounts. For non-retirement accounts, if no selection is made by the client in the Investment Management Agreement or otherwise provided in writing, the client should understand that the Strategy selected will serve as the client's authorization to utilize affiliated Funds, where applicable. The client may revoke this authorization at any time by providing Raymond James written notice to such effect.

All dividends will be reinvested unless the client instructs Raymond James to pay such dividends in cash.

Financial Planning

TCM offers financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. TCM meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional

financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

Financial planning services may be comprehensive, or may focus on certain components. Clients understand that when TCM is engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

Tailored Relationships

TCM tailors investment advisory services to the individual needs of the client. The goals and objectives for each client are documented in our client relationship management system. TCM clients are allowed to impose restrictions on the investments in their account. TCM may accept any reasonable limitation or restriction to discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to TCM in writing.

Wrap Fee Programs

As described above, TCM participates in RJCS, a wrap fee program, sponsored by Raymond James. A "wrap-fee" program is one that provides the client with advisory and brokerage execution services for an all-inclusive fee. The client is not charged separate fees for the respective components of the total service. TCM actively solicits advisory clients for the program. TCM is also responsible for the marketing of the program.

In evaluating the program, clients should consider that, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the broker dealer's usual commission rates and other factors, the wrap fee may be more or less than the aggregate cost of such services if they were to be provided separately and if TCM were to negotiate commissions and seek best price and execution of transactions for the client's account.

Further, clients should be aware that the person recommending the program to the client may receive compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services.

Client Assets

As of December 31, 2010, TCM manages approximately \$205.1 million in assets; all assets are managed on a non-discretionary basis.

Item 5: Fees and Compensation

TCM bases its fees on a percentage of assets under management.

The fee schedules below are the standard fee schedules as indicated in the specific Raymond James Client Agreement. In most circumstances, TCM provides discounts from the standard fee schedule.

Compensation – Investment Advisory Services

PASSPORT

The annual fee schedule for the PASSPORT program is as follows: (All fees are incremental)

Account Value	Quarterly Fee	Annualized Fee
\$25,000-\$200,000	0.4375%	1.75%
\$200,000-\$500,000	0.3750%	1.50%
>\$500,000	0.2500%	1.00%

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day.

Mutual fund 12b-1 fees normally paid to the broker/dealer and/or investment adviser from the fund are reimbursed to the client's account on a quarterly basis.

Additionally, there is a nominal Processing Fee for the execution of each trade, as follows:

<u>SECURITY TYPE</u>	<u>PROCESSING FEE</u>
Exchange Traded Equities: Listed and OTC	\$30
Closed End Mutual Funds	\$30
Exchange Traded Funds	\$30
Mutual Funds	\$30
Real Estate Investment Trusts/Unit Investment Trusts	\$30
Preferred Stocks	\$30
Options Contracts	\$50
Bonds	\$50

In addition to the foregoing transaction charge, the client will incur a charge in the amount of \$4.95 per transaction for handling and postage charges. The client may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

RJCS Program

For the RJCS Program, the fees are set forth as follows:

Equity and Balanced - All Accounts:

Accounts less than \$500,000

First \$200,000	3.00%
Next \$300,000	2.50%

Accounts equal to or greater than \$500,000

First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.60%
Next \$3,000,000	1.40%
Next \$5,000,000	1.30%
Greater than \$10,000,000	Negotiable

Fixed Income - All Accounts:

First \$500,000	1.25%
Next \$500,000	0.90%
Next \$1,000,000	0.80%
Next \$8,000,000	0.65%
Greater than \$10,000,000	Negotiable

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day.

For RJCS Program, the management fee payable to subadvisor is based on factors including, but not limited to, the subadvisor's assets under management in the RJCS program, average number of portfolio holdings, average annual turnover, anticipated sales and administrative service levels, among others. The management fee payable to subadvisors is typically 0.40% – 0.50% for equity and balanced accounts, and 0.25% - 0.30% for fixed income accounts, but may be lower due to incremental rate negotiation. Although the basis of RJCS' recommendation of subadvisors is not based on this negotiated management fee, a conflict may exist due to the potential incentive RJCS may have to recommend a subadvisor(s) with a lower management fee.

FREEDOM

The advisory fees for FREEDOM accounts are as follows: (All fees are incremental)

All Strategies except Conservative & High Income:

Account Value	Quarterly Fee	Annualized Fee
First \$200,000	0.4375%	1.750%

Next \$300,000	0.3750%	1.500%
>\$500,000	0.2500%	1.000%
Accounts greater than \$5,000,000 are negotiable		

Conservative & High Income Strategies Only:

Account Value	Quarterly Fee	Annualized Fee
First \$200,000	0.3125%	1.250%
Next \$300,000	0.2500%	1.000%
>\$500,000	0.1875%	0.750%
Accounts greater than \$5,000,000 are negotiable		

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day.

ETFs and mutual funds have unique distinguishing characteristics and their cost structures differ, sometimes significantly. Because mutual funds are typically actively managed, the underlying management fees and operating expenses assessed by the fund companies are generally higher than those for ETFs (typically 1.0% to 1.5% for mutual funds versus 0.20% to 0.30% for ETFs).

FREEDOM UNIFIED MANAGED ACCOUNT (“UMA”) PROGRAM

The advisory fees for FREEDOM UMA Program are as follows:

Advisory Fee (Incremental Schedule)

First \$500,000	2.50%	Next \$500,000
2.00%		1.60%
Next \$1,000,000		Next \$3,000,000
1.40%		Next \$5,000,000
1.30%		Greater than \$10,000,000
		negotiable

Raymond James negotiates with Managers the management fee payable to the Manager, based on factors including, but not limited to, the Manager’s assets under management in the RJCS and FREEDOM UMA Program(s), average number of portfolio holdings, average annual turnover, anticipated sales and administrative service levels, among others. The management fee payable to Managers is typically 0.30% – 0.35%, but may vary due to incremental rate negotiation between Raymond James and the Manager. Although the basis of Raymond James’s recommendation of Managers is not contingent upon this negotiated management fee, a conflict may exist due to the potential incentive Raymond James and its financial advisors may have to recommend a Manager(s) with a lower management fee. Although the basis of Raymond James’s allocation to mutual funds is intended to enhance the diversification of the portfolio, a conflict may exist for Raymond James to allocate a higher proportion of a portfolio to mutual funds where no management fee is paid to a Manager as a component of the

aforementioned asset-based fee advisory fee, although the Manager will collect a management fee as a component of the internal expenses charged by the fund company.

MANAGED COMPLETION PORTFOLIOS PROGRAM

The advisory fees for the Completion Portfolios Program are as follows:

Alternative and International Equity Strategies

	<u>Advisory Fee</u> First
\$200,000	1.75% Next
\$300,000	1.50% Over
\$500,000	1.00%
Accounts greater than \$5,000,000 are negotiable	

Fixed Income Strategy:

	<u>Advisory Fee</u> First
\$200,000	1.25% Next
\$300,000	1.00% Over
\$500,000	0.75%
Accounts greater than \$5,000,000 are negotiable	

Compensation – Financial Planning

Financial Planning and Consulting fees will be charged on an hourly basis of \$250 per hour.

All financial planning and consulting fees are due in arrears, upon presentation of the financial plan or consulting engagement for the client.

Agreement Terms

Any Agreement may be terminated upon written notice without penalty. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, prorated from the date of termination through the end of the current quarter.

Compensation - Brokerage

TCM's supervised persons (employees) may accept compensation for the sale of securities or other investment products. None of TCM's compensation is derived from commissions or other sales-related revenue.

General Information on Compensation and Other Fees

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised

investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

TCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. A client could invest in a mutual fund or sub-account directly, without the services of TCM. In that case, the client would not receive the services provided by TCM which are designed, among other things, to assist the client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds/sub-accounts and the fees charged by TCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Such charges, fees and commissions are exclusive of and in addition to TCM's fee, and TCM shall not receive any portion of these commissions, fees, and costs.

All fees paid to TCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee, other fund expenses and a possible distribution fee. Mutual funds purchased by TCM for a client account will be executed at NAV.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

Neither TCM nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

TCM does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7: Types of Clients

Types of Clients

As described in Item 4, TCM's clients include individuals, pension and profit sharing plans, trusts and estates.

Account Minimums

There is a minimum account size of \$1,000,000. The minimum account size may be negotiable under certain circumstances. TCM may group certain related client accounts for the purposes of achieving the minimum account size.

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

Methods of Analysis

TCM may employ the following security analysis methods: Charting; fundamental analysis; technical analysis; and cyclical analysis.

TCM uses the following main sources of information including, financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission (SEC), and company press releases.

Other sources of information that TCM may use include information from investment managers, financial service companies, data base companies, Raymond James, Morningstar Principia, and the Internet.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time

TCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. TCM develops portfolios based upon a client's goals, objectives, investment time horizon and risk tolerance, as well as their core financial-related values. Investment strategies may include long-term and short-term purchases depending upon the individual needs of the client. TCM uses asset allocation, or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for most client accounts.

When appropriate to the needs of the client, TCM may recommend the use of margin transactions. Because this investment strategy involves a certain degree of additional risk, it will only be recommended when consistent with the client's stated tolerance for risk.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. TCM's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying

circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Other Investments

TCM may provide investment advice on limited partnerships and private placements, including hedge funds.

TCM reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. TCM may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

Initial Public Offerings

TCM typically does not participate in initial public offerings on behalf of its clients.

Item 9: Disciplinary Information

Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TCM or the integrity of TCM's management. There have never been any legal or disciplinary actions against TCM or its management persons.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities – Broker-Dealers

TCM is not registered as a broker-dealer. Several of its management persons are registered representatives of a broker-dealer, RJFS.

Financial Industry Activities – Futures and Commodities

Neither TCM nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

Financial Industry Activities – Other Affiliations

Broker-Dealer Registered Representatives

As described above, TCM's Investment Adviser Representatives (IARs) are registered representative(s) of RJFS (member FINRA/SIPC). RJFS is a wholly owned subsidiary of Raymond James Financial, Inc. RJFS clears its securities transactions on a fully disclosed basis through Raymond James & Associates, (member NYSE), which is also a wholly owned subsidiary of Raymond James Financial, Inc. Notwithstanding the fact that principals and associates of TCM may be registered representatives of RJFS, TCM is solely responsible for investment advice rendered. Advisory services are provided separately and independently of the broker/dealer. This relationship could create a material conflict of interest with clients.

Insurance

IARs of TCM may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by TCM. IARs spend less than 5% of their time on insurance sales.

Other Investment Advisors

As described in Item 4, TCM may select other investment advisors for its clients and may receive compensation from those advisors.

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

Code of Ethics

TCM employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

J. David Tanner, Managing Member and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of TCM receive preferential treatment.

TCM's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of TCM's Code of Ethics by contacting J. David Tanner at 801.377.1144.

Participation or Interest in Client Transactions – Personal Securities Transactions

TCM and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of TCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of TCM's clients. In addition, the Code requires pre-clearance of many transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and designed to reasonably prevent conflicts of interest between TCM and its clients.

Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross

TCM and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is TCM's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. TCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Participation or Interest in Client Transactions

TCM and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of TCM's Code of Ethics.

Item 12: Brokerage Practices

Research and Other Soft Dollar Benefits

TCM does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Directed Brokerage – Other Economic Benefits”.

Brokerage for Client Referrals

TCM does not receive client referrals from broker/dealers.

Directed Brokerage

Registered Representatives of RJFS are subject to FINRA Conduct Rule 3040 that restricts them from conducting securities transactions away from RJFS. Therefore, clients are advised that such IARs are limited to conducting securities transactions through RJFS. RJFS may charge a higher or lower fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR cannot accept the account. As a registered FINRA broker dealer, RJFS routes order flow through its affiliated broker dealer, RJ. RJ is obligated to seek best execution pursuant to FINRA Rule 2320 for all trades executed, however better executions may be available via another broker dealer based on a number of factors including volume, order flow and market making activity.

While it is possible that clients may pay higher commission or transaction fees through RJFS, TCM has determined that RJFS currently offers the best overall value to TCM and its clients for the customer service, brokerage, research services and technology it provides. TCM believes these qualities make RJFS superior to most non-service oriented, deep-discount and internet/web based brokers that may otherwise be available to the public.

Directed Brokerage – Other Economic Benefits

Raymond James Financial Services, a subsidiary of Raymond James Financial, Inc. (Raymond James) may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. TCM has no written or verbal arrangements whereby it receives soft dollars. From time to time, Raymond James may offer TCM employees the ability to attend industry-related conferences or other benefits; however, TCM does not believe that such incentives impair TCM’s independence.

TCM may have the opportunity to receive traditional “non-cash benefits” from Raymond James, such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing Raymond James advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;

ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

RJFS may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. While TCM endeavors at all times to put the interest of the clients first as part of its fiduciary duty, clients should be aware that the receipt of any additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

INVESTMENT OR BROKERAGE DISCRETION – WRAP FEE PROGRAMS

As disclosed in Item 4, clients may participate in the RJCS or EHNW wrap fee programs. In evaluating a wrap-fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net, i.e., without commission and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

TCM may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. TCM's experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's account.

Trade Aggregation

TCM does not aggregate or block trades.

Item 13: Review of Accounts

Reviews

Portfolios are generally monitored continuously, however reviews could also occur at the time of new deposits, material changes in client's financial information, changes in economic cycles, at TCM's discretion, or as often as the client may direct. Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives.

Reviews are performed under the direction of J. David TCM. TCM encourages frequent client contact, but will seek out contact no less than annually. However, clients are obligated to promptly notify TCM of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

Review Triggers

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

Reporting

TCM prepares periodic reports which may include holdings, performance and market information to investment management clients. Clients also receive quarterly brokerage statements, including all holdings, transactions and fee payments.

Financial Planning – Reviews and Reporting

Financial Planning clients will be reviewed and receive reports as contracted for at the inception of the engagement.

Item 14: Client Referrals and Other Compensation

Other Compensation

As disclosed in Item 12, TCM does not receive any formal economic benefits (other than normal compensation) from any firm or individual for providing investment advice.

Client Referrals – Solicitation Arrangement

TCM may enter into written arrangements to pay cash referral fees to individuals or companies (solicitors) who refer prospective clients to the Firm. In these cases, there will be a written agreement between TCM and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the solicitor is working with TCM and the fact that the solicitor is being compensated for the referral activities. The solicitor is also required to furnish a copy of TCM's written disclosure document to the prospective client and obtain a written acknowledgement from the client that both the solicitor's and TCM's disclosure documents have been received.

Item 15: Custody

Custody – Fee Debiting

Clients may authorize TCM (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and TCM. The custodian is advised in writing of the limitation of TCM's access to the account. The custodian sends a statement to the client, at least quarterly, which shows all amounts disbursed from client's account, including fees paid to RJA. The brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated. For the RJCS programs, if the client transfers management duties from one subadvisor to another subadvisor any prepaid asset-based fees will be reimbursed for the period not utilized by the previous subadvisor and billed for the remainder of the period for the newly designated subadvisor.

Custody – Account Statements

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that TCM provides. TCM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16: Investment Discretion

Discretionary Authority for Trading and Limited Power of Attorney

TCM may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows TCM to execute trades on behalf of clients.

When such limited powers exist between TCM and the client, TCM has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, TCM may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to TCM in writing.

If TCM has not been given discretionary authority, TCM consults with the client prior to each trade.

Item 17: Voting Client Securities

Proxy Voting

TCM does not have any authority to and does not vote proxies on behalf of clients. TCM also does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation. Clients retain the responsibility for receiving and voting proxies and any legal proceedings for securities maintained in their portfolios; clients receive these corporate actions directly from either custodians or transfer agents.

If requested, TCM may provide advice to clients regarding proxy votes and legal proceedings. If any conflict of interest exists, it will be disclosed to the client. Clients may contact J. David Tanner at 801.377.1144 for information about proxy voting.

Item 18: Financial Information

Financial Condition

TCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

TCM is not required to provide a balance sheet; TCM does not require prepayment of fees of more than \$1,200 per client **and** more than six months or more in advance.

Other Information

Privacy

TCM 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 the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

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

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated 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 as mandated 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 our Privacy Notice to you annually, in writing.

Business Continuity Plan

TCM 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. The Business Continuity Plan covers natural and man-made disasters. Electronic files are backed up daily and archived offsite.

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. TCM's intention is to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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Tanner Capital Management, LC

Form ADV Part 2B

Investment Adviser Brochure Supplement

Supervisor: J. David Tanner

Supervisor of:
Rick K. Skousen

March 2011

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Tanner Capital Management, LC's brochure. You should have received a copy of that brochure. Please contact J. David Tanner, Managing Member and Chief Compliance Officer, if you did not receive Tanner Capital Management, LC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at www.adviserinfo.sec.gov.

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801.377.1144
david.tanner@raymondjames.com

Raymond James Financial Services, Inc. 1999 – Present
Registered Representative

Professional Designations:

FINRA Series 6, 7, 31, 63, 65

Professional Certifications

TCM's supervised persons maintain professional designations, which require the following minimum requirements:

ChFC - Chartered Financial Consultant

Issued by: The American College

Prerequisites/Experience Required: Candidate must meet the following requirements:

- 3 years of full-time business experience within the five years preceding the awarding of the designation

Educational Requirements: 6 core and 2 elective courses

Examination Type: Final proctored exam for each course

Disciplinary Information

Disciplinary Information

Neither TCM nor any Supervised Persons have ever been involved in any activities resulting in a disciplinary disclosure.

Other Business Activities

Other Business Activities

Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above. These Outside Business Activities do not create a material conflict of interest with clients.

Several Supervised Persons are actively engaged in other outside business activities.

J. David Tanner and Rick K. Skousen are licensed as independent insurance agents. They spend less than 5% of their time on this activity. They are also Registered Representatives of Raymond James Financial Services (RJFS). They spend less than 10% of their time on this activity.

As disclosed in Form ADV Part 2A Item 5 – Fees and Compensation, and Item 10 – Other Financial Industry Activities and Affiliations, J. David Tanner and Rick K. Skousen may receive commissions, bonuses or other compensation based on the sale of securities or other investment products as Registered Representatives of RJFS. This practice gives the supervised persons an incentive to recommend investment products based on the compensation received, rather than on the client's needs.

Additional Compensation

No Supervised Person receives any formal economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts.

Supervision

Supervision

J. David Tanner, Managing Member and Chief Compliance Officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. J. David Tanner supervises these persons by holding regular staff, investment and other ad hoc meetings. In addition, J. David Tanner regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. J. David Tanner may be reached at 801.377.1144.