Form ADV Part 3 – Client Relationship Summary

Date: March 25, 2022

Item 1: Introduction

PATTON WEALTH ADVISORS is an investment adviser registered with the Securities and Exchange Commission offering advisory accounts and services. Please know that brokerage and investment advisory services and fees differ and that it is important for you to understand the differences. This document gives you a summary of the types of services we offer and their corresponding fees. Please visit *www.investor.gov/CRS* for free, simple tools to research firms and financial professionals and for educational materials about broker-dealers, investment advisers, and investing.

Item 2: Relationships and Services

What investment services and advice can you provide me? Our firm primarily offers the following investment advisory services to retail clients: portfolio management (we review your portfolio, investment strategy, and investments). As part of our standard services, we typically monitor client accounts on a daily basis. Our firm has discretionary management without any material limitations. We limit the types of investments that are recommended since not every type of investment vehicle is needed to create an appropriate portfolio. Our minimum account size is $100,000. We offer financial planning services delivering a comprehensive report and will work with your other service providers as needed to help implement. Please also see our Form ADV Part 2A ("Part 2 Brochure"), specifically Items 4 & 7.

Questions to ask us: Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

Item 3: Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay? Our fees vary depending on the services you receive. For our portfolio management services, clients pay an ongoing asset-based fee. Certain clients can elect a performance-based fee arrangement. Portfolio management fees are charged quarterly in advance; performance-based fees are generally charged annually in arrears. You pay our asset-based fee even if you do not have any transactions and the advisory fee paid to us generally does not vary based on the type of investments selected. Please see Items 5 & 6 of our Part 2 Brochure for details on our portfolio management fees.

Third Party Costs: Some investments (e.g., mutual funds, exchange-traded funds (ETFs), etc.) impose additional fees. You will also pay fees to a custodian that will hold your assets. Additionally, you will typically pay transaction fees when we buy and sell an investment for your account.

The rate for creating financial plans for clients who have not engaged us for portfolio management services is generally between $1,000 and $5,000, depending on complexity. Item 5 of our Part 2 Brochure provides more details.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Questions to ask us: Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

***When we act as your investment adviser*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.**

The amount of assets in your account affects our advisory fee; the more assets you have in your advisory account, the more you will pay us and thus we have an incentive to increase those assets in order to increase our fee. Similarly, a recommendation by us to rollover a 401(k) plan to an IRA under management with us constitutes a conflict of interest. Moreover, for performance-based fee arrangements, we make more money the better your investment returns are, so we have an incentive to invest in riskier investments due to the higher risk/higher reward attributes. Our Part 2 Brochure includes helpful information to understand various conflicts.

Question to ask us: How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money? Our financial professionals are compensated based on a salary/bonus structure and, in some years, based on the profitability of the firm (see the conflicts listed in the paragraph immediately above). We do not receive economic benefits from any other person or entity in connection with providing investment advice to clients. Please also see Item 10 of our Part 2 Brochure for additional details.

Item 4: Disciplinary History

Do you or your financial professionals have legal or disciplinary history? No. We do not have legal and/or disciplinary events. Visit *https://www.investor.gov/* for a free, simple search tool to research us and our financial professionals.

Questions to ask us: As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5: Additional Information

For additional information on our advisory services, see our Part 2 Brochure available at https://adviserinfo.sec.gov/firm/summary/120533 and any individual brochure supplement your representative provides. If you have any questions, need additional up-to-date, or want another copy of this Client Relationship Summary, then please contact us at 214-234-9900.

Questions to ask us: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

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Date: March 25, 2022

Exhibit A – Material Changes to Client Relationship Summary

There are no material changes since the prior Client Relationship Summary.

Brochure

(Part 2A of Form ADV)

March 13, 2023

Patton Wealth Advisors

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This Brochure provides information about the qualifications and business practices of Patton Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at 214.234.9900 or by email at info@PattonFunds.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 Patton Wealth Advisors is also available at the SEC's website at www.AdvisorInfo.sec.gov. Patton Fund Management, Inc.'s CRD number is: 120533.

Patton Wealth Advisors is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2 - Material Changes

There have been no material changes to this brochure since the last annual updating amendment on March 25, 2022.

We review and update this brochure at least annually to confirm that it remains current. If/when we determine that an interim update is meaningful or required, we will notify clients promptly.

Item 3 – Table of Contents

Item 4 – Advisory Business

Firm Description

Patton Fund Management, Inc. is a corporation organized in the State of Indiana. The firm was formed in June 2002 and the principal owner is Mark A. Patton.

In August 2021, Patton Wealth Advisors, Inc. was formed and organized in the state of Texas, for the sole purpose of a new business name that more accurately reflects Patton Fund Management, Inc.'s overall advisory business.

Throughout the remainder of this brochure, any use of "Patton" is intended to be inclusive of all services.

Types of Advisory Services

Portfolio Management Services

Patton offers portfolio management services in two distinctly different manners. Patton serves as investment adviser to two propriety private funds as well as provides investment management services to clients via separately managed accounts. Client accounts are generally managed pursuant to one of five investment strategies offered by Patton and as further explained in Item 8.

Private Funds

The Patton Funds are privately offered pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended. Patton manages the private funds in a manner consistent with the investment strategy described in each respective Fund's offering documents. Patton does not generally provide specifically tailored advice to investors in the Patton Funds unless the investors have also engaged Patton to provide Portfolio Management Services through a separately executed investment management agreement. The Patton Funds and separately managed account clients are collectively referred to herein as "Clients".

Separately Managed Accounts

Patton offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Patton evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Patton requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Patton seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of Patton's economic, investment or other financial interests. To meet its fiduciary obligations, Patton attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Patton's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Patton's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Advice Limited to Specific Types of Investments

Patton generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and private placements, although Patton primarily recommends ETFs. Patton may use other securities as well to help diversify a portfolio when applicable.

Pension Consulting Services

Patton offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

Financial Planning Services

Financial plans and financial planning may include the following: investment planning, life insurance; tax concerns; retirement planning; education planning; and debt/credit planning. Patton will provide some input on such things as life insurance and tax concerns but does not sell life insurance or provide tax services.

Patton also provides similar services, including investment advice, to employees of companies electing to subscribe to "Financial Mosaic", a service offered directly to companies who are interested in providing such benefits to their employees.

Educational Seminars / Workshops

Mark Patton periodically hosts (or serves as a guest speaker at) various educational seminars and workshops where he discusses topics such as market history and trends, principles of diversification, differences between active and passive management styles, etc. Information about Mr. Patton's background and the services offered by Patton may also be presented.

Tailored Relationships

Patton offers the same suite of services to all separately managed account clients. However, specific client investment strategies and their implementation are dependent upon the client's goals and circumstances (income, tax level, risk tolerance, etc.).

We provide many clients and/or prospective clients with a custom portfolio analysis. Proposals include in-depth analysis of the client's current holdings and up to three customized portfolios for comparison purposes. Circumstances that are considered include age of investor, risk tolerance, need for withdrawals, retirement, other investments, etc.

A similar analysis for company retirement plans may include a review of current plan documents, type of plan, investment menu, plan provisions, number of participants and age distribution and size of plan.

Client imposed restrictions may be accommodated in certain instances.

IRA Rollover Recommendations

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Wrap Fee Programs

Patton does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2022, Patton has regulatory assets under management of $ 438,000,888, all of which are managed on a discretionary basis.

Item 5 – Fees and Compensation

Portfolio Management Fees for Separately Managed Accounts

Patton is compensated for its separately managed account services via a fee expressed as a percentage of the assets being managed (certain clients may also be assessed a performance-based fee as further described in item 6). Patton considers cash to be a distinct asset class and the value of such assets are included in the advisory fee calculations. When yields on cash/money market funds are low enough, the amount of income those investments generate will not exceed the dollar amount of the advisory fee that client accounts pay proportionately with respect to those assets. Consequently, clients will indirectly experience a negative effective return on any cash position during these periods of low interest rates.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. Certain clients with substantial assets under management who pay performance-based fees are eligible for meaningful fee reductions. Clients may terminate the agreement without penalty for a full refund of Patton's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Agreement immediately upon written notice.

Our advisory fees are exclusive of fees charged by the custodian, broker, or other service providers. Such additional fees include custodial fees, brokerage commissions, transaction fees, wire transfer and electronic fund fees, and other related costs and expenses which will be incurred by the client. Exchange-traded funds and mutual funds also charge internal advisory and other fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to Patton's fee, and we will not receive any portion of these commissions, fees, and costs.

Super-Diversified Portfolios

Total Assets Under Management	Annual Fees
$100,000 - $5,000,000	1.50%
$5,000,001 - $10,000,000	1.00%
$10,000,001 – and up	.75%

Clients paying a Performance-Based fee (see Item 6 below) on a portion of their managed assets are eligible for a negotiated discount on the fees shown in this table.

Patton Flex Strategy and Audacity Strategy

Advisory fees are calculated using the value of the assets in the Account on the last business day of the prior billing period.

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select whether to be invoiced or billed directly from their account. Prorated adjustments are processed for new deposits during the quarter when the resulting fee is greater than $2.00. Fees are paid in advance unless otherwise negotiated.

Accounts started or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid fees will be refunded, and any unpaid fees will be due and payable. Performance-based fees, if applicable, will be accelerated upon termination.

Company Retirement Plan Services

Fee Schedule for 401(k) Plans	
Plan Assets	Fee (Annual % of Assets)
Up to $10 million	0.35%
Next $15 million	0.25%
Next $25 million	0.15%
Next $50 million	0.10%
And up	0.05%

Under special circumstances, Patton negotiates fees. The fees are payable in quarterly installments after the end of each quarter. These fees are based on the market value of the Plan's assets as of the last day of the quarter. If the Plan is established or terminated during the quarter, the fee for that quarter will be prorated. Payment options will vary depending on the recordkeeper's options and the Company's preferences. Each Company's Plan documents will detail the payment methods chosen.

Our fees are exclusive of fees charged by the Plan's custodian, broker, Recordkeeper, or other service providers. Such additional fees include recordkeeping fees, document change fees, participant loan fees, custodial fees, brokerage commissions, transaction fees, wire transfer and electronic fund fees, and other related costs and expenses which will be incurred by the client. Exchange-traded funds and mutual funds also charge internal advisory and other fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to Patton's fee, and we will not receive any portion of these commissions, fees, and costs.

Clients may select the recordkeeper of their choice. Patton will typically recommend a recordkeeper, but it is not mandatory that a client select our recommendation. Patton's fee is not dependent on the recordkeeper selected.

Fees are either billed to the plan's recordkeeper and withdrawn from plan assets or invoiced directly to the plan sponsor per the agreement with the plan sponsor on a quarterly basis. Prorated adjustments will be made for partial periods. Fees are paid in arrears unless otherwise negotiated.

Item 12 further describes the factors that we consider when selecting or recommending a recordkeeper/custodian for client transactions and determining the reasonableness of their compensation (e.g., commissions). Please refer to Item 11 which describes additional conflicts of interest.

Educational Seminars / Workshops / Conferences

Revenue received for speaking engagements varies by engagement, but generally does not exceed $5,000. Travel expenses may also be reimbursed.

Financial Planning Fees

Fixed Fees

The rate for creating financial plans for clients who have not engaged Patton for portfolio management services is generally between $1,000 and $5,000, depending on complexity. The fees are negotiable, and the final fee is set forth within each client's respective agreement. Clients who engage Patton for financial planning services will be invoiced directly in arrears.

Fees for Patton's Financial Mosaic services are $32.00 per month per employee who utilizes the benefit. Fees are generally negotiable, charged in arrears and billed directly to the employer.

Potential Conflict of Interest Surrounding Fees

We charge varying management fees for different strategies which creates an incentive to recommend a strategy based on the management fees charged, rather than on a client's needs. We have developed and implemented procedures to ensure we treat all clients fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Please refer to Item 11 which describes additional conflicts of interest.

Client Responsibility for Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, commissions, mutual fund and exchange-traded fund fees, transaction fees, margin expense, wire transfers, taxes, etc.). Those fees are separate and distinct from the fees and expenses charged by Patton. Please see Item 12 of this brochure regarding broker-dealer / custodian. Patton Funds will not receive any portion of these fees.

Payment in Advance

Patton collects certain fees in advance and certain fees in arrears, as indicated above in each respective service category. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or a return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate* times the number of days elapsed in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Management Fees for The Patton Funds

As compensation for its advisory services to the Patton Funds, either Patton or Patton's affiliated General Partner entity receives a management fee as outlined in each Fund's offering documents. The management fee is not negotiable, although Patton reserves the discretion to waive fees for one or more investors, in whole or in part, without notification to other fund investors. Patton has waived, or reduced, the management fees for its affiliated and employee investors, and may also do so for their relatives and other strategic investors. Such special arrangements are generally provided for in a side letter agreement between Patton and the investor.

Patton also receives a monthly administrative services fee from the General Partner equal to 0.15% per annum of the respective Fund's net assets. In calculating the administrative services fee, the Fund's net assets are valued as of the first day of each calendar month (including any new investments effective at the beginning of the month).

Other Expenses – The Patton Funds

In addition to the management fee, each investor in the Patton Funds bears its allocable share of expenses associated with the operations of the Funds. Some of the most common expenses include, but are not limited to, all taxes and investment related expenses such as brokerage and commission expenses, margin, premium and interest expenses, out of pocket research costs, custodian expenses, investor servicing expenses, portfolio management, trading and accounting software, legal fees, expenses incurred in connection with the funds' annual audits and K-1s, insurance expenses, regulatory or litigation expenses. Investors should refer to the respective Fund's offering documents for a complete description of expenses.

Item 6 – Performance-Based Fees & Side-by-Side Management

The Patton Funds

In addition to the management fee described above, investors in the Funds are subject to an incentive allocation, which is also payable to either Patton or Patton's affiliated General Partner entity, subject to any applicable hurdle rates and/or loss carryforward provisions as set forth in each Fund's offering documents. The incentive allocation is not negotiable, although Patton reserves the discretion to waive such allocation for one or more investors, in whole or in part, without notification to other fund investors. Patton has waived, or reduced, the incentive allocation for its affiliated and employee investors, their relatives, and other strategic investors. Such special arrangements are generally provided for in a side letter agreement between Patton and the investor.

Separately Managed Accounts

Super-Diversified Portfolios

Qualified clients can opt for a performance-based fee in lieu of the asset-based fee (as described above) on a portion of, or all of, their accounts. The performance-based fee is 50.00% of the total account value, or applicable portion, that is in excess of a designated benchmark. If the client's portfolio performance exceeds the benchmark, the client will pay 50.00% of the excess return above the benchmark, but if the portfolio performance is below the benchmark, the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a “high water mark.”

The high-water mark will be the highest value of the client’s account on the last day of any previous year that a performance fee was incurred, after accounting for the client’s deposits or withdrawals for each billing period.

Patton Flex Strategy

Qualified clients can opt to be charged no asset-based fee and only a performance-based fee of 50% of the total account value that is in excess of 12% prorated annually. If the client’s net portfolio performance exceeds 12% annually, the client will pay 50.00% of the excess return above 12%. If the performance is below 12% for the year, the client will not incur a performance-based fee that year. If the performance is negative for a year, the next year the loss must be recouped plus 12% before a performance-based fee is paid. Adjustments are made for deposits and withdrawals.

Audacity Strategy

Qualified clients can opt to be charged both an asset-based fee of 2.00% annually as well as a performance-based fee of 20% of the total account value net gains annually (all net gains above 0% for a year). If the client’s net portfolio performance exceeds 0% annually, the client will pay 20.00% of the net gains. If the performance is negative for the year, the client will not incur a performance-based fee that year and, furthermore, the next year that loss must be recouped before a performance-based fee is paid. Adjustments are made for deposits and withdrawals.

Performance-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on an annual basis, or may be invoiced and billed directly to the client on an annual basis. Clients may select the method in which they are billed. Prorated adjustments may be made for any cash flows into the portfolio during the quarter.

Fees are paid in arrears. Performance-based fees will be accelerated upon termination.

Conflicts Associated with Performance Based Fees

Performance-based arrangements generally create an incentive for advisers to purchase investments that are more risky or speculative than those that would be purchased under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities.

Although not currently the case, there may be times when a separately managed account's performance-based fee arrangement is higher than the Patton Funds, and other times when the Funds' performance-based fee arrangements are higher than the separately managed account. Also, Patton's Principal is invested in the Funds which creates an incentive for us to favor the Funds when allocating trades among Client accounts. Patton addresses these particular risks by executing investment strategies that are driven by quantitative models.

Item 7 – Types of Clients

In addition to Patton's Private Fund Clients, Patton generally provides services to the following types of separately managed account clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Charitable Organizations

There is an account minimum of $100,000 for separately managed accounts which may be waived by Patton in its discretion.

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

Methods of Analysis and Investment Strategies

Analysis for Super-Diversified portfolios is risk based. The goal is to design a portfolio allocation that best fits each individual client's risk tolerance and circumstances. Patton has a proprietary research system that utilizes monthly performance data on dozens of asset classes and employs these same methods of analysis and strategies across the private funds and accounts managed separately for clients.

Historical analysis is done on many differing combinations of asset classes to determine the mix or allocation of assets that produces the most desirable risk profile for each client.

The investment discipline used by the Patton 45, Patton Edge, Patton Flex, Audacity Strategy, and both Private Funds is entirely rules-based and model driven which is commonly referred to as quantitative analysis. Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

The underlying investment principles utilized are reflected in the academic field of Behavioral Finance, or what is often called investor psychology. These strategies utilize strict adherence to these six disciplines:

- Identifying the potential candidate stocks for the portfolio
- Entering positions in stocks that are mispriced based on the rules-based model
- Closing positions that are negatively impacting performance
- Holding positions that continue to produce gains
- Diversification, and
- Hedging (except Patton 45 Strategy).

Patton uses long-term trading, short-term trading, short sales, and margin transactions.

The Investment Strategies offered include the following:

Super-Diversification utilizes the following combinations:

- Exchange-traded Funds (ETFs) only
- ETFs combined with a portion of a client's portfolio in one of Patton's proprietary hedging strategies or Funds (see description below)

The goal of Super-Diversification is to spread a client's assets among several types or categories of investments that do not perform similarly with the goal of reducing overall risk. These different categories include U.S. and international stocks, hedge strategies, hedge funds, private equity, real estate, and commodities. The exposure to most of these categories is accomplished through low cost ETFs and one of Patton's hedging strategies.

Patton 45 Strategy is utilized in *individual accounts* and has the following key elements:

- Style: Long Only Equity
- Discipline: Purely Rules-based
- Diversification: Generally 50-80 Long Positions
- Position Liquidity: Very High
- Leverage: None

Patton Edge Strategy is utilized in *individual accounts* and has the following key elements:

- Style: Long/Short Equity
- Discipline: Purely Rules-based
- Diversification: Generally 50-80 Long Positions and 40-90 Short Positions
- Position Liquidity: Very High
- Leverage: Up to 3 to 1

<u>Patton Flex Strategy</u> is utilized in *individual accounts* and in the Patton Flex Fund,

- L.P. and has the following key elements:
- Style: Long/Short Equity
- Discipline: Purely Rules-based
- Diversification: Generally 50-80 Long Positions and 40-90 Short Positions
- Position Liquidity: Very High
- Leverage: Up to 6 to 1

The Manager conducts continuous research in an effort to improve the Strategy and may periodically implement enhancements.

<u>Audacity Strategy</u> is utilized in individual accounts and in the Audacity Fund, LP and has the following key elements:

- Style: Long/Short Equity
- Discipline: Purely Rules-based
- Diversification: Generally 50-80 Long Positions and 40-90 Short Positions
- Position Liquidity: Very High
- Leverage: Up to 9 to 1

Risks of Loss

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There can be no assurance that investors will receive any return of or on their investments. Diversification does not ensure a profit or protect against a loss.

Risks Associated with Patton's Investment Strategies and Methodologies

Investment strategies using **quantitative analysis** and models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Patton's use of **short sales and margin transactions** generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. The use of margin / leverage can substantially increase the volatility and risk. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

Short-term trading risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investment Strategy Risk - there can be no assurance that any investment strategy will achieve its investment objective and may trail the performance of other strategies. Patton's investment strategies were developed, in part, by backtesting the investment programs against past market conditions. In other words, the strategies were designed to succeed based on knowledge of events that occurred in the past. One limitation of such strategies is that they are inherently focused on the past and cannot necessarily take account of market conditions that may arise in the future. If future market conditions are different from past market conditions, and if investors behave differently from past investors, these investment strategies may not work as anticipated and the Funds may lose money.

Limitations of Model Risk. Patton utilizes a model, which is based on research into historical data and the application of that research to the development of a mathematical model that attempts to forecast returns. Mathematical models are representations of reality but they may be incomplete and/or flawed and there is an inherent risk that any forecasts derived from them may be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate assumptions or data. As a result, client accounts managed pursuant to model based strategies may not be profitable and may suffer a loss.

Market Risks – all investment strategies could lose money over short periods due to short-term market movements and over longer periods during market down-turns.

Limited Operating History – past performance of any investment strategy or Fund should not be an indication of the future results of an investment in a strategy or Fund. There can be no assurance that the assessments of the short-term or long-term prospects of investments will prove accurate.

Lack of Management Control by Limited Partners in Funds – the investors the private Funds do not have the right to participate in the management, control or operation of the Funds or to remove the General Partner or Manager under any circumstances.

Business Dependent Upon Key Individual. The success of Patton's advisory account business is significantly dependent upon the expertise of the Manager, particularly Mr. Patton. Should Mr. Patton become incapacitated or in some other way cease to perform his duties on behalf of Patton's clients, a client's performance could be materially adversely affected. Neither the Patton Funds or the Manager intend to maintain key man life insurance. This particular risk holds true for Patton's separately managed account clients as well.

Conflicts of Interest – Patton and its affiliates provide investment management and advisory services to a significant number of individual and institutional clients, including existing hedge funds and funds which may be formed in the future, which may be similar to existing Funds. Please see Item 11 where many Conflicts of Interest are described. Investors in the Patton Funds should also refer to the respective Fund's offering memorandum under "Conflicts of Interest" and "Risk Factors".

Risks of Specific Securities Utilized

Patton's use of short sales and margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. Patton does not generally invest in fixed income securities on behalf of clients.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. International ETFs involve additional risks, including currency fluctuations and political uncertainty. ETF products that invest in emerging markets are generally more risky than those that invest in developed countries because countries with emerging markets may have relatively unstable and less-established markets and economies.

Side-by-Side Investments and Managed Accounts. Patton also manages assets for advisory clients via separately managed accounts employing investment strategies which are the same as that of the Funds. Such arrangements may afford those clients different terms than the investors in the Funds with respect to liquidity, fees and expenses, subscription rights and the content and frequency of reports.

Risks Associated with an Investment in the Private Funds

Prospective investors in Patton's Private Funds must review the Private Placement Memorandums (PPM) for complete descriptions of the associated risks.

Patton's Private Funds employ most all the methods of analysis and investment strategies/methodologies described above and are, therefore, subject to the same Investment Risks and Risk of Loss. In addition, Private Funds carry a substantial risk as they are subject to less regulation than are publicly offered securities. Investors in the private funds are subject to the redemption/withdrawal limitations as outlined in the PPM which makes them less liquid than securities that are publicly traded.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Patton nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities.

Aside from the investment advisory and general partner relationship between Patton and the General Partner of the private fund, on the one hand, and the applicable Funds, on the other (including the associated fee arrangements discussed in Items 5 and 6 above), as well as the common control of Patton and the General Partner by Mark Patton, neither Patton nor any of its management persons has a relationship material to the business of Patton or the Clients with any related person reportable under this Item.

Patton does not recommend or select other investment advisers for our clients in return for direct or indirect compensation from such advisers.

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

Code of Ethics

Patton has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics provides guidance for personal investment activity and other activities that have the potential to create actual or apparent conflicts of interest between employees and clients including provisions relating to the confidentiality of client information, a prohibition on insider trading and market manipulation, policies and procedures regarding personal trading, and disclosure and approval requirements for gifts, business entertainment and other conflicts of interest. Supervised persons are required to acknowledge receipt of the Code and any amendments.

Supervised persons are permitted to make investments in their personal accounts, subject to certain pre-clearance and other restrictions. All transactions in reportable securities are reported to the Compliance Officer in accordance with reporting requirements.

Patton's clients or prospective clients may request a copy of the firm's Code of Ethics at no cost by contacting Mark Patton at 214.234.9900 or email at CustomerService@pattonfunds.com.

Conflicts of Interest

In the ordinary course of conducting its activities, the interests of Patton and its affiliates may conflict with those of Patton's Clients. Some of these potential conflicts, and our measures to address them, include:

Performance-Based Fees.

Performance-based arrangements create an incentive for Patton to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. See Item 6 – Conflicts for how Patton addresses this conflict.

Valuation.

Patton and/or the General Partner of the Patton Fund have ultimate authority for valuing the Fund assets. Valuation methodologies for certain investments can be subjective and involve a measure of judgment by Patton. The portfolio valuations affect the calculation of management fees payable to us and the performance allocation paid to our affiliate, the General Partner. Patton has a valuation policy designed to minimize this potential conflict of interest which directs us to use stock exchange pricing and other external price measures for most securities and requires us to use consistent and fair valuation criteria in circumstances where external pricing is unavailable or unreliable. In addition, our third-party administrator for the Funds uses third party pricing sources to value securities and is responsible for calculating the net asset value pursuant to the valuation guidelines as outlined in the fund offering documents.

Valuation for the Separately Managed Accounts is calculated by the Custodian.

Adviser or its Supervised Persons Trading for Their Own Account.

Investments by Patton or its supervised persons, for their own accounts, in securities that are also in a client account, could, or could appear to, interfere with Patton's exercise of independent investment decision-making in the best interest of our Clients. In addition, the timing of any trading in such securities by Patton or its supervised persons could have a disadvantageous effect on the values, prices or trading strategies of client accounts. This risk of conflict is addressed through our personal trading policy.

Investments in the Same Securities Recommended to Clients

Officers and employees of Patton and its affiliates are permitted to trade for their own accounts in securities which are recommended to and/or purchased for Patton's clients. This may provide an opportunity for representatives of Patton to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Patton will not interfere with:

- making decisions in the best interest of clients; and
- implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Side Letters.

Patton has entered into a limited number of side letter arrangements with certain investors in the Patton Funds that have established different rights or privileges with respect to more favorable incentive fees.

Recommending Securities with Material Financial Interest

Patton anticipates that, in appropriate circumstances and when consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Patton, its affiliates and/or clients, directly or indirectly, have a position of interest.

For example, Patton may recommend that an Individual Account client or a prospective client invest in a Patton Fund. Funds with performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. The performance-based fee of a Fund could generate more fees when compared to other Patton strategies. Such fee arrangements also create an incentive to favor higher fee-paying accounts over the other accounts in the allocation of investment opportunities. We have designed and implemented procedures to ensure that we treat all clients fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

This presents a conflict of interest in that Patton or its related persons may receive more compensation from investment in a security in which Patton or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding by means of executed private fund offering documents. Patton always acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in such investments if they do not wish to do so.

Item 12 – Brokerage Practices

Selecting Brokerage Firms

Custodians/broker-dealers will be recommended based on Patton's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Patton may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Patton's research efforts. Any custodial fees, brokerage commissions, transaction fees, wire transfer and electronic fund fees, and other related costs and expenses which will be incurred by the client are assessed by the broker-dealer/custodian. Patton does not share in these fees.

The two broker-dealers/custodians we recommend are Interactive Brokers and TD Ameritrade. Clients are required to use one or both of these broker-dealers/custodians. Some investment advisers do not require clients to use a particular broker-dealer/custodian.

Research and Other Soft-Dollar Benefits

While Patton has no formal soft dollar program in which soft dollars are used to pay for third party services, at times Patton receives research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Patton may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28e of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Patton does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Patton benefits by not having to produce or pay for the research, products or services, and Patton will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Patton's acceptance of soft dollar benefits may result in higher commissions charged to the client.

Brokerage for Client Referrals

Patton receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

Clients Directing Which Broker/Dealer/Custodian to Use

Patton requires clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

Selecting Retirement Plan Recordkeepers

Patton recommends retirement plan recordkeepers based on the plan's assets, number of participants, desired services, and more.

Best Execution

Patton has adopted trading procedures designed to seek the best execution of client securities transactions. We review trades to determine the quality of execution. We also investigate other broker-dealers and custodians to compare services and costs. These procedures are designed to address the conflicts of interest that arise as a result of managing multiple types of accounts, including client accounts that pay higher fees (i.e., performance fees) as well as trading accounts at multiple broker-dealers which can result in different prices for different clients. We monitor the trading procedures and formally review trading-related matters such as use of client commissions and overall best execution on at least an annual basis.

Order Aggregation (Block Trading) and Trade Rotation

If Patton buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Patton would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Patton would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

If an aggregated order cannot be filled in one day (a "partial fill"), the executed portion of the order is allocated to the participating accounts pro rata on the basis of order size, subject to certain exceptions.

Trades are executed by different brokers; consequently, all orders cannot be aggregated into one trade. We have trade rotation procedures that pre-determine the order in which the trades are placed. The trade rotation schedule ensures that client account orders are treated fairly and equitably over time.

Directed Brokerage

For Individual Account clients, Patton does not trade away from the respective custodian.

For the Patton Funds, we may direct some trades to another broker. These trades will be included in the trade rotation schedule as discussed above. If possible, those trades will be aggregated among the Funds so that each Fund receives the aggregate executed share price. Many factors determine whether we will trade away:

- Commission rates;
- Other trading costs;
- Difficulty of trade;
- Security's trading characteristics;
- Liquidity;
- Size of order; and
- Execution quality

These considerations (and others as relevant) guide us in selecting the appropriate venue in which to place the order and the proper tactics with which to trade.

Execution quality is monitored on a regular basis to determine if trading away is in the best interest of the Funds.

Item 13 – Review of Accounts

Periodic Review

While the underlying securities within client accounts are monitored on an ongoing basis, all client accounts are reviewed at least quarterly by the portfolio manager (Mark Patton) with regard to the clients' respective investment goals and risk tolerance. However, the receipt of any meaningful information relating to the economic or market environment, individual companies or industries, political events, or factors that affect its clients' investment objectives (such as retirement, termination of employment, physical move, or inheritance) could prompt immediate review of each account affected by such developments. It is Patton policy to confirm clients' respective investment goals and risk tolerance no less frequently than annually.

Regular Reports

Individual accounts clients receive statements no less than quarterly directly from the custodian. These statements provide details on each account including assets held and asset values.

Clients also receive from us, a quarterly invoice disclosing the quarterly management fee deducted from their account. Clients are provided with access to portfolio analysis reports.

Company Retirement Plans receive statements no less than quarterly directly from the custodian/administrator.

Reports to Investors in the Patton Funds

Regular reporting to investors in the Patton Funds includes a monthly capital account statement from the Fund Administrator as well as access to portfolio analysis reports. On an annual basis, investors receive Schedule K-1s and audited financial statements for the Patton Funds.

Item 14 – Client Referrals and Other Compensation

Patton does not receive any economic benefit from anyone other than its clients for providing investment advice or other advisory services to its clients, nor do we compensate any person for client referrals.

Item 15 – Custody

When advisory fees are deducted directly from client accounts at client's custodian, Patton will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Private Funds

Patton does not maintain physical possession of client funds or securities. Patton and its affiliated general partner entity, however, are deemed to have custody of the Patton Funds' assets due to the access and authority over the Funds' assets. As a result of this access and authority, Patton is deemed to have custody of client funds and securities within the meaning of the Advisers Act.

Consistent with the requirements for custody of client assets under the Advisers Act, the assets of the Funds are held in accounts with a qualified custodian within the meaning of the Advisers Act. In accordance with guidance from the SEC, with respect to certain investments in privately offered securities, a specified custodian may hold only documentation relating to or referencing such investments but not the actual investment itself, and/or investments of a Fund may not be registered in the name of the custodian. Consequently, the custodian may not have control over the disposition of such investments, or the ability to direct delivery of sale proceeds or other distributions from such investments to the custodian. Further, for such investments, the custodian may not have the ability to validate or reconcile ownership of the investment with any third party, including the issuer.

In addition, annual financial statements of the Funds are prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of each Funds' fiscal year end.

Item 16 – Investment Discretion

Patton provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Patton generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

Item 17 – Voting Client Securities

Patton will not ask for, nor accept voting authority for client securities. Patton's separately managed account clients will receive proxies directly from the issuer of the security or from the custodian and should direct all proxy questions to the issuer of the security.

Further, Patton has no responsibility to render legal advice or take any legal action on a Client's behalf with respect to securities currently or previously held in Client accounts or the issuers thereof, that become the subject of legal proceedings, including bankruptcy proceedings or class actions.

A copy of our Proxy Voting Policies may be obtained by sending a request to Patton Fund Management, Inc., Attn: Compliance Officer, 228 Park Avenue S, Suite 31616, New York, NY 10003-1502.

Item 18 – Financial Information

Patton neither requires nor solicits prepayment of more than $1,200 in fees per client, six months or more in advance.

Neither Patton nor its management has any financial condition that is likely to reasonably impair Patton's ability to meet contractual commitments to clients.

Additional Information – IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our Firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our Firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage, we encourage you to consider the following points before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
2. Employer retirement plans generally have a more limited investment menu than IRAs.
3. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
4. Your current plan may have lower fees than our fees.
5. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
6. Our strategy may have higher risk than the option(s) provided to you in your plan.

7. Your current plan may also offer financial advice.

8. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.

9. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

10. You may be able to take out a loan on your 401k, but not from an IRA.

11. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.

12. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.

13. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.