

Name of Investment Adviser: <b>Palladium Partners, LLC</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
<b>999 Waterside Dr., 8<sup>th</sup> Floor</b>	<b>Norfolk</b>	<b>VA</b>	<b>23510</b>	<b>757-305-1500</b>

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

**Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

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

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

Applicant <b>Palladium Partners, LLC</b>	SEC File Number <b>801-68408</b>	Date <b>03/15/2010</b>
---	-------------------------------------	---------------------------

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

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

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services .....	<u>95 %</u>
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services .....	<u>%</u>
<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above .....	<u>5 %</u>
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription .....	<u>%</u>
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above .....	<u>%</u>
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....	<u>%</u>
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....	<u>%</u>
<input type="checkbox"/>	(8) Provides a timing service .....	<u>%</u>
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above .....	<u>%</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....

Yes  No

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

**6. Education and Business Background**

For:

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

On Schedule F, give the:

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

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

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

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

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

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

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

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

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

Applicant <b>Palladium Partners, LLC</b>	SEC File Number <b>801-68408</b>	Date <b>03/15/2010</b>
---	-------------------------------------	---------------------------

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

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

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

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions. Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes No

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Palladium Partners currently has eight portfolio managers that are responsible for reviewing client accounts. Each advisory account is assigned a primary portfolio manager who is responsible for the continuous management of the account as well as the maintenance of the relationship. A back-up portfolio manager is also assigned to perform the same functions in the absence of the primary manager. Of Palladium's eight manager's, six currently have portfolio manager responsibilities for approximately 1299 accounts. The other two managers have back-up responsibility, direct oversight of equity analysis and taxable fixed-income analysis and portfolio management responsibility for account segments. On a semi-monthly basis, all of Palladium's managers meet to discuss investment strategy. On a quarterly basis, all primary portfolio managers review client accounts with their backup portfolio manager. In addition, the CCO reviews a random sample of client accounts on a quarterly basis. The reviews include analysis of asset allocation versus investment objective, cash level and individual security selections.**

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

**Each account receives quarterly investment reviews, an annual capital gains statement, and a quarterly commentary on the financial markets.**

**Clients are also kept informed about their portfolio activity by receiving copies of transaction confirmations and monthly/quarterly statements from brokerage firms and/or custodians. Note that some broker dealers may not provide trade confirmations, however custodial statements will contain the same information that would have been in the trade-by-trade confirmation for each transaction.**

Applicant <b>Palladium Partners, LLC</b>	SEC File Number <b>801-68408</b>	Date <b>03/15/2010</b>
---	-------------------------------------	---------------------------

**12. Investment or Brokerage Discretion.**

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

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

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

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

**13. Additional Compensation.**

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

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

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

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

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

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
----------------------------	--------

Item 1D

**ADVISORY SERVICES AND FEES**

Palladium Partners, LLC DBA Palladium Registered Investment Advisors (“Adviser” or “We”) offers wealth management services to various categories of institutional and individual clients. The Adviser’s service is implemented on a discretionary basis, managed by the Adviser through separate investments in equities, mutual funds, bonds, cash-equivalents, and other instruments. The Adviser will provide investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client (i.e., income, equity, growth, etc.), and all managed accounts will be maintained with an independent custodian.

Client investment objectives are identified by assessing the client's risk tolerance based upon their age, income, experience, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings and interviews. After analyzing a client’s financial situation and formulating investment guidelines, the Adviser will implement the investment strategy through an optimal combination of investments. Capital market conditions and client circumstances are monitored and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

Compensation

Asset based management fees will be charged quarterly in arrears, as agreed to with the client, based on a percentage of the client's assets under management at the beginning of the calendar quarter. The compensation for Adviser services, which include developing and implementing investment guidelines, monitoring a client’s investment results, and reporting to the client on a quarterly basis, is as follows:

Assets Under Management	Annual Fee	Quarterly Fee
Up to and including \$5,000,000	0.70%	0.175%
\$5,000,001 and \$10,000,000	0.60%	0.15%
Above \$10,000,001	Negotiable	Negotiable

\*Minimum annual fee: \$3,000

Investment Advisory services begin on the date the client signs the Investment Advisory Agreement. For the first quarter, fees will be pro rata based upon the number of days that the Agreement was effective. Fees will generally be deducted directly from the client's brokerage account pursuant to a written agreement. The Adviser reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, negotiation of fees may result in different fees being charged for similar services and may be less than the stated fee schedule. The Adviser may assess a fixed fee in lieu of an asset

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
Item of Form (identify)	Answer
	<p>based management fee as agreed to with the client.</p> <p>Either the Adviser or the client may terminate the Agreement for any reason upon 30 days written notice to the non-terminating party. The client is responsible to pay for services rendered until the termination of the agreement. The client can cancel the Agreement without penalty within the first five days after signing of the Agreement.</p> <p>Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by the Adviser, as the custodian will not determine whether the fee has been properly calculated.</p> <p>Advisory fees charged by the Adviser are separate and distinct from fees and expenses charged by mutual funds and limited partnerships, which may be recommended to clients. A description of these fees and expenses are available in the respective prospectuses. Additionally, the fees charged by the Adviser are exclusive of all custodial and transaction costs paid to custodians, brokers or any other third parties. Clients should review all fees charged by the Adviser, custodians and brokers and others to fully understand the total amount of fees incurred.</p> <p>Adviser also provides investment consultation services for an hourly fee. Hourly fees for consultation services range from \$150 to \$250 per hour. Such fees shall be mutually agreed upon by the client and Adviser and shall be due and payable when services are rendered or may be invoiced at the end of the calendar quarter.</p> <p>The Adviser offers estate evaluation services for a flat fee of \$500. This fee is charged in addition to the standard advisory fee.</p>
Item 3 K (1-3)	<p><b>TYPES OF INVESTMENTS</b></p> <p>Adviser may recommend that clients invest in pooled investment vehicles such as venture capital funds and hedge funds as well as privately held companies.</p>
Item 4 A (5)	<p><b>METHODS OF ANALYSIS</b></p> <p>Adviser's equity selection process is top-down and quantitative in nature. Its underlying tenants are security valuation and diversification. Security valuation is determined by the ratio of stock's price to its underlying earnings power. The underlying earnings power of a company is determined by current earnings, historic earnings and estimated future earnings. Diversification is handled by a quantitative "portfolio optimization" process that compares and analyzes the portfolio versus the S&amp;P 500. This comparison is made not only for Economic Sectors and Industries, but also for market capitalization, foreign currency exposure and several other factors. The process produces a portfolio of stocks that mirrors the S&amp;P 500's</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
Item of Form (identify)	Answer
Item 4 B (8)	<p>diversification and market capitalization, but has approximately 20–30% discounted valuation based on its underlying earnings power. Exposure to foreign and smaller capitalization securities will generally be obtained by the use of I-Shares.</p> <p>Adviser’s fixed income process employs a sequential maturity, buy-and-hold approach. Securities may include a diversified mix of US Treasuries, agencies, mortgage backed securities, corporate bonds, taxable municipal bonds, CDs, or where appropriate, tax-exempt securities. Securities typically carry at least an A rating by one of the major rating services and the portfolio attempts to maintain an average quality of AA. Valuation is determined through historic spread levels relative to various sectors and peers. Risk is analyzed by various means including financial statement analysis, credit ratios, capital structure, maturity schedule, and liquidity. Outside, independent research is also incorporated to help identify risk and opportunities. Positions are monitored on new developments, valuations and rating changes.</p> <p>The Adviser uses information from several vendors in addition to information that can be found in the public domain. These include Barra, Bloomberg, FactSet, and Standard &amp; Poors.</p>
Item 5	<p><b>EDUCATION AND BUSINESS STANDARDS</b></p> <p>Persons employed to provide investment advice are required to have an undergraduate degree.</p>
Item 6	<p><b>EDUCATION AND BUSINESS BACKGROUND</b></p> <p><b>John C. Benedict, CFA</b></p> <p>Year of Birth: 1955</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• Carnegie Mellon University, 1983 – M.S.</li> <li>• University of Virginia, 1979 – M.E.</li> <li>• University of Virginia, 1978 – B.S.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2008 to Present Palladium Partners, LLC – Principal/Director of Research</li> <li>• June 1986 to January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management –</li> </ul>

**Schedule F of Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p style="text-align: center;"><b>Director of Research</b></p> <p><b>Henry U. Harris, III, CFA, CIC</b></p> <p>Year of Birth: 1951</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• University of Virginia, Darden School of Business Administration, 1976 – M.B.A.</li> <li>• University of Virginia, 1974 – B.A.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2008 to Present Palladium Partners, LLC – Senior Portfolio Manager</li> <li>• June 1980 to January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management – Portfolio Manager</li> </ul> <p><b>James J. Izard, II, CFP®</b></p> <p>Year of Birth: 1962</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• University of Virginia, 1989 – M.B.A.</li> <li>• University of Virginia, 1985 – B.A.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2008 to Present Palladium Partners, LLC – Managing Director/Senior Portfolio Manager</li> <li>• August 1998 to January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management – Portfolio Manager</li> </ul>

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:  
**Palladium Partners, LLC**

SEC File Number:  
**801-68408**

Date:  
**03/15/2010**

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p><b>Jonathan Edward Morris</b></p> <p>Year of Birth: 1972</p> <p>Formal Education after High School:</p> <ul style="list-style-type: none"> <li>• Virginia Commonwealth University, 1997 – B.A.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• June 2008 to Present Palladium Partners, LLC – Taxable Fixed-Income Manager</li> <li>• March 2006 to June 2008 Wachovia Securities – Fixed Income Analyst</li> <li>• March 2004 to March 2006 Wachovia Securities – Portfolio Strategist/Research Analyst</li> <li>• August 1998 to March 2004 First Union/Wachovia – Financial Specialist/Loan Officer</li> </ul> <p><b>Caroline S. Oliver, CFP®, CFA</b></p> <p>Year of Birth: 1955</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• Old Dominion University, 1993 – M.B.A.</li> <li>• Elizabethtown College, 1977 – B.A.</li> <li>• University of Strasbourg, France, 1976</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2010 to Present Palladium Partners, LLC – Portfolio Manager</li> <li>• September 2008 to September 2009 Crowe Wealth Management, LLC – Client Service Advisor</li> <li>• January 1995 to November 2007 Bank of America – Managing Director of Investments</li> </ul>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p><b>Bower Reynolds Patrick, III</b></p> <p>Year of Birth: 1942</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• Old Dominion University, 1968 – B.S.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2008 to Present Palladium Partners, LLC – Senior Portfolio Manager</li> <li>• June 1987 to January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management – Portfolio Manager</li> </ul> <p><b>Dickinson Barksdale Phillips, CFP®</b></p> <p>Year of Birth: 1953</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• Washington &amp; Lee University, 1976 – B.A.</li> </ul> <p>Business Background for the Preceding Five Years:</p> <ul style="list-style-type: none"> <li>• January 2008 – Present Palladium Partners, LLC – Principal/Chief Compliance Officer</li> <li>• March 1985 – January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management – Portfolio Manager</li> </ul> <p><b>Katherine Clay Willis, CFA, CIC</b></p> <p>Year of Birth: 1967</p> <p>Formal Education After High School:</p> <ul style="list-style-type: none"> <li>• Randolph-Macon Women’s College, 1989 – B.A.</li> <li>• University of Reading, England, 1988</li> </ul> <p>Business Background for the Preceding Five Years:</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
Item of Form (identify)	Answer
	<ul style="list-style-type: none"> <li>January 2008 to Present Palladium Partners, LLC – Managing Director/Senior Portfolio Manager</li> <li>June 1994 to January 2008 Virginia Investment Counselors, a Division of BB&amp;T Asset Management – Portfolio Manager</li> </ul>
Item 9 E	<p><b>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b></p> <p>Adviser, its officers and employees may, on a limited basis, purchase for their personal accounts the same securities that may be recommended to clients. To avoid any potential conflicts of interest that could exist, the Adviser has adopted a written Code of Ethics (the “Code”) as required under Rule 204A-1 of the Advisers Act.</p> <p>This Rule requires the Adviser to adopt a Code that sets forth a standard of business conduct and compliance with federal securities laws by all of its employees. The Adviser’s Code contains policies and procedures that ensure that all personal securities trading by Adviser’s employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance before purchasing certain securities or instruments; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.</p> <p>A copy of Adviser’s Code shall be provided to any client or prospective client upon request.</p>
Item 10	<p><b>MINIMUM CONDITIONS</b></p> <p>Adviser suggests a minimum account of \$500,000. Exceptions are made when there are related accounts to an account that meets the above described limits. Adviser may also accept lower sized accounts, depending on the circumstances, on a case by case basis.</p> <p>Adviser typically assesses a minimum annual fee of \$3,000. Therefore accounts with a small balance may pay a higher annual fee than those indicated in the Advisers fee schedule.</p>
Item 12 A	<p><b>INVESTMENT OR BROKERAGE DISCRETION</b></p> <p>When a client agrees to discretionary management, the Adviser will be responsible for selecting the amount of securities to be bought and sold. The only limitations on the investment authority will be those limitations imposed in writing by the</p>

**Schedule F of Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p>client. The Adviser currently manages numerous advisory accounts and these accounts may have or will have investment objectives that are identical or substantially similar to other accounts. It is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected to result from several factors, including, without limitation, the following: the cost basis of the securities held which may affect the tax liability to the client if sold; different investment decisions made by the different portfolio managers assigned to the accounts; regulatory constraints that apply to certain accounts but not to others; investment constraints imposed by the client; and the amount of cash available for investment at certain times. As a result of factors such as these, accounts may have a different investment portfolio (and, as a result, different performance results) from other accounts even though the accounts have identical or substantially similar investment objectives. Portfolio managers are authorized to invest the assets of accounts for which they have investment responsibility in a wide range of underlying investments. As a result, it is expected that the accounts will have different investment portfolios resulting from different investment decisions made by their respective portfolio managers. In addition, there may be circumstances when one account will sell a security while another account may purchase the security on the same day.</p> <p>Adviser's Insider Trading Policies prohibit Adviser and its personnel from trading either personally or on behalf of clients, while in possession of material, nonpublic information ("Inside Information"), nor may any Adviser personnel communicate material, nonpublic information to others in violation of the law. By reason of its various activities, Adviser may become privy to Inside Information and be restricted from effecting transactions in certain investments that might otherwise have been initiated. Adviser has designed and implemented policies and procedures designed to comply with the requirements of the federal securities laws relating to insider trading. Among other things, such policies and procedures seek to control and monitor the flow of Inside Information to and within Adviser, as well as prevent trading on the basis of Inside Information. Companies about which Adviser has Inside Information will be placed on a Restricted List. As a general rule, trades will not be allowed for clients, or for the personal accounts of employees, in the securities of a company appearing on the Restricted List, except in limited circumstances and with the approval of the Chief Compliance Officer.</p> <p>In the course of providing its services, Adviser will execute trades for clients through broker-dealers. When a client has given the Adviser broker discretion, there is no restriction on the brokers Adviser may select to execute client transactions. Adviser's general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, Adviser considers a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, Adviser's past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, Adviser</p>

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p>may trade through broker-dealers that charge fees that are higher than the lowest available fees.</p> <p><b>Bunched Trading</b></p> <p>The majority of trades for the Adviser's clients are done on an account-by-account basis due to the fact that clients select different brokers and accounts are assigned to different portfolio managers who are responsible for making investment decisions. Therefore one client account may receive more favorable executions when purchasing or selling securities than another account. Transactions for each client account generally will be effected independently, unless it is decided by the portfolio managers to purchase or sell the same securities for a number of client accounts simultaneously. In such situations, orders for the same security entered on behalf of more than one client who use the same custodian will generally be aggregated (bunched) subject to the aggregation being in the best interests of all participating clients. The Advisor effects bunched transactions in a manner designed to ensure that no participating client is favored over any other client. Specifically, each client that participates in a bunched transaction will participate at the average share price for all of the Adviser's transactions in that security on that business day, with respect to that bunched order. For partial fills, transactions are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. The Adviser may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lots or giving clients with a smaller weighting a larger allocation. The sequence of such orders will be altered regularly so as to not favor a group of accounts that use the same custodian.</p> <p><b>Directed Brokerage</b></p> <p>Client may direct the Adviser in writing to use a particular broker/dealer to execute equity and/or fixed income transactions for Client's account. In doing so, Client understands that Adviser will not negotiate commissions, will not be able to obtain volume discounts, and may not be able to obtain best execution. When a Client selects the broker to be used for their account, the commission rates are decided upon between the Client and their broker. In most cases, the Adviser does not have access to the negotiated commission schedule, and consequently will not be able to verify commissions charged per transaction. In addition, when Client directs brokerage, only the directed broker/dealer chosen by the Client for equity and/or fixed income transactions will be used to execute trades. As a result, under these circumstances a disparity in commission charges may exist between the commissions charged to Clients who direct Adviser to use a particular broker or dealer and other clients who do not direct Adviser to use a particular broker or dealer. Client may pay brokerage commission rates and/or receive executions that are less favorable than those that Adviser may negotiate or obtain when it selects brokers to execute transactions on behalf of its Clients. Clients that direct their brokerage should be aware that Adviser will not be able to aggregate Client's transactions and will generally place such trades after the completion of the trades for Clients that do not direct their brokerage.</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
	<p><b>Cross Trades</b></p> <p>As is consistent with its duty to seek to obtain best execution, occasionally the Adviser may cross trades for client accounts. A cross trade occurs when the Adviser purchases and sells a particular security between two or more accounts under the Adviser's management by instructing brokers to cross the trade. The Adviser generally utilizes "cross" trades to address account funding issues and when it specifically deems the practice to be advantageous for each participant. In no instance does the Adviser receive additional compensation when crossing trades for client accounts. The Adviser will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of the clients.</p> <p><b>Other</b></p> <p>The Adviser is not obligated to acquire for any account any security that we or our officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in the Adviser's absolute discretion it is not practical or desirable to acquire a position in such security.</p> <p>Research material received from brokerage firms is used in a general way to the benefit of all clients, even though the brokerage business of only a relatively few accounts may be done at any one firm.</p>

Item 12 B & 13 A	<p><b>RECOMMENDING BROKERS</b></p> <p>Absent an existing brokerage relationship, the Adviser will assist the client with developing a relationship with brokers that the Adviser has a relationship. At the present time, the Advisor's preferred brokerage/custodian is the Institutional division of Charles Schwab &amp; Co.</p> <p>Adviser will make recommendations based on the needs of the client and the services provided by the broker/custodian such as ability to execute trades, margin rates, on-line access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, access to mutual funds, including lower sales charges for direct purchases and lower minimum purchase amounts.</p> <p>As part of the institutional program offered by Schwab, the Adviser receives benefits that it would not receive if it did not provide investment advice to clients. While there is no direct affiliation or fee sharing arrangement between Schwab and the Adviser, economic benefits are received by the Adviser which would not be received if the Adviser did not have an established relationship with this company. These benefits do not depend on the amount of transactions directed by the Adviser to Schwab and may include: a dedicated trading desk that services the Adviser's clients, a dedicated service group and an account services manager dedicated to the Adviser's accounts, access to a real time order matching system, ability to block</p>
------------------	---

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:  
**Palladium Partners, LLC**

SEC File Number:  
**801-68408**

Date:  
**03/15/2010**

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

<p>1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b></p>	<p>IRS Empl. Ident. No.: <b>26-0728851</b></p>
<p>Item of Form (identify)</p>	<p>Answer</p>
	<p>client trades, ability to deliver or receive securities purchased through another broker/dealer, electronic download of trades, portfolio management software, access to an electronic interface, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, education via webcasts, white papers and conferences, access to mutual funds, ability to have loads waived for the Adviser's clients who invest in certain loaded funds when certain conditions are met and maintained, and the ability to have custody fees waived.</p>
<p>Miscellaneous</p>	<p><b>PROXY VOTING, CLASS ACTIONS, AND UNDERWRITER CONFERENCES</b></p> <p>Adviser may be responsible for voting proxies, as agreed to with each client. Adviser has retained Risk Metrics, an independent adviser that specializes in proxy voting and corporate governance, to provide the due diligence related to making prudent proxy voting decisions. Governance Analytics® is the integrated platform used by Risk Metrics. The services provided to Adviser include in-depth research and voting recommendations. Such recommendations by Risk Metrics are binding and may not be overridden by Adviser, unless Risk Metrics reports that it has conflicts in making such recommendations. In any such instance, the vote of the proxy will then become the responsibility of Adviser's Risk Committee, who will determine the best interest of its clients as pertains to each issue. Adviser's complete proxy voting policy and procedures are memorialized in writing and are available for client review. In addition, Adviser will maintain a record of all of the proxy votes cast on behalf of the clients, which are available to clients upon request.</p> <p>The Adviser will not be responsible for voting class actions. The decision of whether to participate in the recovery or opt-out may be a legal one that the Adviser is not qualified to make.</p> <p>The Adviser may purchase for client accounts certain securities that are marketed by the underwriter of those securities, typically index-shares. These underwriters will periodically pay for representatives of Adviser to attend conferences or meetings which they sponsor. The purpose of attending these events is research related. Such conferences provide economic, market and product-related research for the benefit of the Advisors clients.</p>

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>Palladium Partners, LLC</b>	SEC File Number: <b>801-68408</b>	Date: <b>03/15/2010</b>
--	--------------------------------------	----------------------------

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Palladium Partners, LLC</b>	IRS Empl. Ident. No.: <b>26-0728851</b>
---	--

Item of Form (identify)	Answer
Miscellaneous	<p><b>CUSTODY</b></p> <p>Advisor does not typically maintain custody of client funds or securities, nor is it authorized to hold or receive any stock, bond or other security or investment certificate or cash (except in the payment of its advisory fee) that is part of the Client's account. Client's custodian will provide custodial statements to Client no less than quarterly. Such statements should detail all transactions during the period, including fees deducted from the account. Client is urged to compare custodian statements against Adviser's reports and contact Adviser with any questions regarding any transactions.</p>
	<p><b>VALUATION OF SECURITIES</b></p> <p>Proper valuations are necessary for accurate performance calculations and fee billing purposes, among others. Adviser utilizes, to the fullest extent possible, recognized and independent pricing services and qualified custodians for timely valuation information for client securities and portfolios. Whenever valuation information for specific illiquid, foreign, private or other investments is not available through pricing services or custodians, Adviser's pricing committee and/or portfolio manager(s) will obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source. Any securities without market valuation information are reviewed and priced by the pricing committee in good faith to reflect the security's fair and current market value.</p>