

Prudent Man Investment Management, Inc.

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Prudent Man Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (303) 436-1577. 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.

Prudent Man Investment Management, Inc. 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.

Additional information about Prudent Man Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

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

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

Currently, our Brochure may be requested by contacting Elise Dietrich, Office Manager at (303) 436-1577 or edietrich@prudentman.com. Our Brochure is also available on our web site www.prudentman.com also free of charge.

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

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Advisory Business

Prudent Man Investment Management, Inc. is an independent, fee-only investment advisory firm providing asset and portfolio management to clients throughout the United States since 1988. Prudent Man is responsible for overseeing approximately \$141 million of assets under management as of March 11, 2011.

Prudent Man Investment Management, Inc. offers both discretionary and non-discretionary investment supervisory services for its full range of clients. Prudent Man follows a disciplined approach to long-term investing based on a belief in global market diversification and true asset allocation through the use of low cost institutional mutual funds. We develop investment portfolios tailored to our clients' specific financial goals and consistent with our mission to provide the best investment experience at the lowest cost; focusing on after tax returns. Our services include assisting clients in the design of written investment objective and policy statements (which will include target rates of return), asset allocation, and the types of investments that may be considered.

Prudent Man Investment Management, Inc., intends to primarily utilize no-load, passively managed, index-based funds for U.S. and International Equity investments to achieve the clients' investment objectives. We closely monitor the clients' investments and investment performance as it relates to the long-term objectives of the clients.

Fees and Compensation

Prudent Man Investment Management, Inc. charges its client's an investment management fee that is established and detailed in a client's written Investment Contract. Although we have a standard fee structure for our clients, the investment management fee is negotiable.

In consideration for the services to be provided by Prudent Man, the Client agrees to the following:

- A minimum fee of \$5,000 or 1% of assets under management up to \$5,000,000, whichever is greater.
- .75% of assets placed under management from \$5,000,000 to \$10,000,000.
- .50% of assets placed under management from \$10,000,000 to \$20,000,000.
- Assets exceeding \$20,000,000, fees are negotiated with client.

Prudent Man Investment Management, Inc. will bill its investment fees on a quarterly basis. Clients will be billed in advance each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Prudent Man Investment Management, Inc. to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. All fees are subject to negotiation.

The investment management fee is obtained by multiplying the market value of the cash and securities in the Client account(s) by one-fourth of the applicable annual fee rate(s) indicated

above, prorated for the percentage of the current calendar quarter remaining. This fee shall be payable in advance upon receipt of billing from Prudent Man.

Prudent Man Investment Management, Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Prudent Man Investment Management, Inc.'s fee, and Prudent Man Investment Management, Inc. shall not receive any portion of these commissions, fees, and costs. All fees exclusive of the investment management fee can be obtained by contacting Elise Dietrich at (303) 436-1577 and edietrich@prudentman.com.

Performance-Based Fees and Side-By-Side Management

Prudent Man Investment Management, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Types of Clients

Prudent Man Investment Management, Inc. provides portfolio and asset management services to individuals, estates, family trusts, corporate investment plans, corporate sponsored pension and profit sharing plans, and corporate sponsored 401(k) plans. We have a minimum requirement of \$500,000 of investable assets to open an account with Prudent Man, but we will consider smaller account sizes depending on the nature of the client account(s) in question.

Methods of Analysis, Investment Strategies and Risk of Loss

Prudent Man offers customized investment management services based on our client's overall investment needs. The most important step in the investment process is to interview our clients to understand their risk tolerance by outlining both their short-term income needs and long-term investment objectives so that we can create an investment policy statement. The investment policy statement guides our allocation of assets to cash, fixed income, and equities to deliver a stated investment return.

Our investment strategy is based on our belief in modern portfolio theory and efficient markets. We follow a disciplined and proven approach to long term investing based on a belief in global market diversification and true asset allocation. We invest using only low-cost, passively managed, institutional mutual funds that use the best academic, theoretical, and empirical studies the financial and economic communities have produced. Throughout this process, we make sure every client has a complete understanding of the nature of risk, and how we can incorporate it into a

portfolio that will take advantage of the capital markets as we seek portfolio growth and long-term stability. Investing in securities involves risk of loss that clients should be prepared to bear.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Prudent Man Investment Management, Inc. or the integrity of Prudent Man Investment Management, Inc.'s management. Prudent Man Investment Management, Inc. has no information applicable to this Item.

Other Financial Industry Activities and Affiliations

Prudent Man Investment Management, Inc. may, from time to time, enter into agreements with individuals who are not affiliated with Prudent Man Investment Management, to actively solicit whereby the parties will solicit investment advisory accounts for Prudent Man. The solicitor(s) compensation is a percentage of the quarterly investment advisory fee received by Prudent Man from each account the solicitor introduces who ultimately becomes a Client. No client introduced to Prudent Man by the solicitor will be charged an amount in excess of the standard investment advisory fee. The compensation will terminate if the Client solicited terminates their Investment Agreement with Prudent Man.

Code of Ethics

Prudent Man Investment Management, Inc. 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 includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Prudent Man Investment Management, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Prudent Man Investment Management, Inc.'s Code of Ethics is as follows:

All employees are required, as part of their terms of employment, to read and sign Prudent Man's Code of Ethics and Confidentiality Agreement. All signed documents are held on file at Prudent Man's office. The Code of Ethics is reviewed by every employee on an annual basis and updated as needed. We will provide this document to our clients upon request.

1. The Parties shall abide by the Prudent Man Investment Management, Inc. Code of Ethics:
 - a. All personnel shall abide by all applicable federal, state and securities laws;
 - b. All personnel shall maintain the interests of the clients as paramount at all times;

- c. All personnel shall be considered to be functioning in a fiduciary capacity and shall maintain as confidential all information concerning the identity of security holdings and financial circumstances of clients;
 - d. All personnel shall be responsible for maintaining the firm's reputation for consistently acting with the utmost honesty, integrity, and professionalism;
 - e. All personnel are responsible for disclosing all personal trading accounts to the Chief Compliance Officer. All personnel must provide a list of holdings and transactions that occur within those accounts on an annual basis for review. If the accounts are held at the company's custodians, all transactions will be documented within Prudent Man's portfolio management system. For those personal accounts held outside of the company's custodians, documentation must be provided showing all transactions and holdings.
 - f. All personnel will not accept gifts from any entities that are deemed to be beyond the act of normal business, i.e. lunches, seminars, etc.;
 - g. All supervised persons, as defined in section 2.c of Prudent Man's Compliance Manual, shall maintain the independence of the firm in the investment decision-making process by assuring the practice of investing client assets solely in indexed-based, passively-managed mutual funds; All supervised persons, as defined in section 2.c of Prudent Man's Compliance Manual, shall promptly report, in writing, any violations of the Code of Ethics to the Chief Compliance Officer and Chief Executive Officer.
2. For purposes of the Agreement "proprietary information" means any and all confidential, proprietary, or trade secret information or material. This includes all patent applications, financial, technical and customer information. The term "Proprietary information" includes: original documents and any derivatives, portions, or copies thereof, whether in oral, written, visual, graphic, electronic, machine recognizable, or other form or medium;
 3. Each disclosing Party will make all reasonable efforts to ensure that the proprietary information it provides to other Parties is clearly identified and marked; provided, however, that the obligation to protect proprietary information shall extend to unmarked data known by the Parties to be proprietary information, and that proprietary information which may be disclosed orally and protected under this Agreement;
 4. The recipient shall use the proprietary information only for the following purpose(s) and no other: To complete tasks assigned by representatives of Prudent Man Investment Management, Inc.;
 5. The Parties will not make any commercial use, practice, publication or exploitation of such proprietary information without the express written permission of the disclosing Party. The Parties further agree not to copy or reproduce any proprietary information of the disclosing Party except for the purposes stated above, and that any such copies and reproductions shall contain the same restrictive marking or legend as the original;
 6. Each Party agrees to maintain in the strictest confidence any proprietary information which it obtains from another Party and will employ its best efforts to prevent disclosure thereof by its agents, officers, or to third Parties. In the event that communication of proprietary information to a third Party is authorized by the disclosing Party, the third Party shall first be required to assume the obligations of confidentiality set forth in this Agreement;

7. The receiving Party shall permit the dissemination of proprietary information within its own organization only on a genuine need-to-know basis;
8. Any proprietary information disclosed by a Party shall remain the exclusive property of the Party. Upon termination of working relationship, the receiving Party shall return to the disclosing Party all written and or tangible proprietary information and all copies and derivatives thereof. Nothing in this Agreement shall be construed to grant any right or license under any patent, copyright, or any other proprietary right, or grant one Party to make any commitment on behalf of the other;
9. "Proprietary information" subject to protection under this Agreement does not include information which is: (a) demonstrated to be known to the receiving Party; (b) approved in writing for use or disclosure by the disclosing Party; or (c) required by law to be disclosed on a restricted basis pursuant to judicial or other government order, but only to the extent of such order; provided, however, that the receiving Party shall, immediately upon receiving notice of such impending or effective order, notify the disclosing Party thereof;
10. The disclosing Party makes no representation, express or implied, as to the information's adequacy, sufficiency, or freedom from defect of any kind, nor shall any Party incur any responsibility or obligation to third Parties whatsoever by reason of such defect;
11. This Confidentiality Agreement and Code of Ethics document contains the entire agreement and supersedes any prior or collateral understanding between the Parties;
12. This Confidentiality Agreement shall be construed in accordance with all applicable Federal laws and the laws of the State of Colorado.
13. Any changes and/or amendments to the Confidentiality Agreement and/or Code of Ethics shall be provided to each Party for review and acknowledgement. Upon review of the changes, each Party will be required to sign and date a new Confidentiality Agreement and Code of Ethics document to be placed on file within the Parties personnel file;

Prudent Man Investment Management, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Keith Diamond at (303) 436-1577 or kdiamond@prudentman.com.

Brokerage Practices

Prudent Man Investment Management, Inc. currently uses three (3) separate discount brokers to act as independent custodians for client assets. We have chosen to work with these specific custodians due to the fact that we have negotiated better rates and fees for our clients and because our institutional fund company can only be traded on these platforms. Should the opportunity arise to provide better services and reduced fees, Prudent Man will actively pursue those options. All of our clients and potential clients are given the option to custody funds at either of these discount

brokerages. We do not receive soft dollar benefits from these brokerages: Charles Schwab, Inc., Fidelity Investments or TD Ameritrade.

Prudent Man anticipates that for most of the money placed under management, the investment transactions recommended for clients will involve non-broker transactions such as direct purchases of no-load mutual funds purchased directly from the issuer or a custodial discount broker such as Charles Schwab, Inc., Fidelity or TD Ameritrade. In instances in which brokerage services are required, brokers will be selected on the basis of the best overall execution of the Client's order and the value of technical services and expertise provided. Brokerage commissions in excess of the lowest possible available rates may be authorized in recognition of the value of brokerage or technical services provided by the executing broker.

Review of Accounts

Generally, all clients' accounts will be reviewed several times each week. Factors triggering review will include cash additions or withdrawals, dividends and interest payments. Mr. Ronald Proctor, Mr. Keith Diamond and Mr. Christopher Reading have the responsibility for reviewing all accounts.

Client Referrals and Other Compensation

Not Applicable.

Item 15 - Custody

Prudent Man Investment Management, Inc. uses three (3) primary discount brokerages to custody funds. We are allowed to transact on behalf of our clients, direct debit quarterly investment fees and set-up periodic withdrawals at the behest of or client. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Prudent Man Investment Management, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 - Investment Discretion

Prudent Man Investment Management, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Prudent Man Investment Management, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Prudent Man Investment Management, Inc.'s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Prudent Man Investment Management, Inc. in writing.

Voting Client Securities

Clients may obtain a copy of Prudent Man Investment Management, Inc.'s complete proxy voting policies and procedures upon request. Clients may also obtain information from Prudent Man Investment Management, Inc. about how Prudent Man Investment Management, Inc. voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Prudent Man Investment Management, Inc.'s financial condition. Prudent Man Investment Management, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.