



ADV Part 2A – Firm Brochure

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www.TietonCapital.com

Dated February 25, 2020

For further information, please contact either:

- ◆ **William J. Dezellem, CFA – Chief Investment Officer & President or**
- ◆ **Matthew W. Dhane, CFA – Portfolio Manager & Principal**

This ADV Part 2A brochure provides information about the qualifications and business practices of Tieton Capital Management. If you have any questions about the contents of this brochure, please contact us at (509) 965-6488 or Tieton@TietonCapital.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 Tieton Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Tieton Capital Management is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

Material Changes

Since the last ADV update there have not been any material changes.

The previous update to this brochure was on March 19, 2019.

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Item 4: Advisory Business

- A. Tieton Capital Management is an independently owned SEC-registered investment adviser. The firm is headquartered and maintains its sole office in Yakima, WA. The firm was founded in 2005 by William J. Dezellem, CFA (Chief Investment Officer & President) and co-founded by Matthew W. Dhane, CFA (Portfolio Manager & Principal). Mr. Dezellem and Mr. Dhane worked together at a prior firm. Mr. Dezellem owns 85% of Tieton Capital Management. Mr. Dhane owns the remaining 15% of the firm.
- B. Tieton Capital Management manages a Small Cap Value equity strategy that opened in August 2005 concurrent with the firm opening. The strategy buys value companies with market capitalizations generally under \$2 billion. The investment philosophy and investment process utilize a fundamentals based, bottom up approach that is the same as the strategy managed at a prior firm beginning in 1998. Our investment philosophy follows:

Tieton Capital Management's Investment Team buys small, value common stocks like owners, not traders. The Team identifies companies with the following characteristics:

- ◆ **Catalysts to drive the company for the next two to three years**
- ◆ **Prefer industries where companies have the ability to differentiate**
- ◆ **Business has solid competitive position**
- ◆ **Business has quality management**
- ◆ **Business with prudent debt level**
- ◆ **Business has ability to earn sound return on capital**
- ◆ **Business is capable of solid cash flow generation**
- ◆ **Internally generated revenue growth is expected over time**
- ◆ **The product or service must add value**

From the portfolio perspective:

- ◆ **Client accounts remain fully-invested**
- ◆ **Focused portfolio, own only our best ideas**

As a service for select clients, Tieton Capital will buy no-load mutual funds to create a more rounded portfolio than is the case when solely investing in the Small Cap Value strategy. Although client accounts are tailored to each individual client's specific situation, this service is broadly termed Style Allocated No-Load Mutual Funds.

The advice offered to clients is limited to that described above.

- C. The Small Cap Value equity strategy accounts are managed from a model portfolio. Accounts generally have similar weightings for each of the 25 to 35 companies in the portfolio. However, Tieton Capital's services are tailored to each individual client's requirements. This is done by allowing clients to identify individual security restrictions, or other requested restrictions, they desire in their accounts.

In addition, when an account is opening, we work with the client, or consultant placing the account with us, to assure the Small Cap Value equity strategy is an appropriate proportion of the client's overall assets given their specific circumstances. For the select clients for whom we buy no-load mutual funds, these accounts are customized to each client's individual situation.

- D. Tieton Capital Management has a limited number of accounts where the client pays a fee to their custodian in lieu of commission, also known as wrap fee accounts. The firm does not participate in any broad wrap fee programs. These accounts are managed the same as the other Small Cap Value accounts. In some cases, but not all, Tieton Capital receives a portion of the wrap fee for our services. In no case does Tieton Capital receive more than a 1.0% annual fee on any account.
- E. As of December 31, 2019, Tieton Capital Management managed \$149.6 million of client assets on a discretionary basis.

Item 5: Fees and Compensation

- A. Tieton Capital Management is compensated with fees based off the quarter-end value of clients' accounts. The fee is 1.0% annually, which is assessed as 0.25% per quarter, in advance. For the limited number of select clients for whom no-load mutual funds are purchased, the annual fee is 0.25%, which is assessed as 0.0625% per quarter, in advance. This lower fee reflects the lower level of potential value we can add and the smaller time requirement selecting mutual funds. The firm's fees are not negotiable.
- B. As part of the Tieton Capital discretionary management agreement, clients choose whether the firm's fee is deducted directly from their accounts or whether they pay separately. Either way, fees are assessed quarterly based off the client's account value at quarter-end.
- C. In addition to the Tieton Capital fee, clients will incur custodian fees and brokerage fees. In some cases, custodian fees are included in the brokerage fees. For the select clients for whom no-load mutual funds are purchased, the mutual funds assess their own management fees. Clients will incur brokerage and other transaction costs. For additional information, please see "Item 12: Brokerage Practices" later in this document.
- D. New clients must pay fees in advance. If the agreement with Tieton Capital is terminated prior to the end of a quarter, fees are refunded on a pro-rata basis based off the number of days remaining in the quarter that our services were not provided.

- E. No one in the firm receives compensation for selling securities or other investment products.

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

Tieton Capital Management does not manage accounts using a performance-based fee in order to avoid conflicts of interests that could result by favoring accounts where management fees have the potential to be substantially higher.

Item 7: Type of Clients

Tieton Capital Management has clients in the following categories: foundations, endowments, trusts, pension funds, wealthy families and individuals.

The minimum account size for new clients is \$500,000. The minimum will increase as assets under management increase.

The firm will close to new clients when assets under management reach \$350 million. **We believe staying small by closing to new clients at \$350 million increases the probability we will generate extra value for clients over time.**

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

- A. Tieton Capital Management's analysis utilized to manage client assets in the Small Cap Value equity strategy is done with three primary sources of information:
- 1) On-site visits and phone conversations with companies owned in the portfolio, companies we are considering owning in the portfolio, competitors, suppliers and/or customers to existing or potential companies in the portfolio;
 - 2) Reading SEC filings, press releases and other information provided by companies. This is done not only to learn, but often done with the intent of identifying questions that will be asked in face-to-face meetings or on the telephone;
 - 3) We use Intrinsic Research Systems statistical database for valuation and quick analysis of historical fundamental data relative to competitors and relative to the company's past.

These information sources are used to buy and own companies with attributes that fit the firm's investment philosophy, which follows:

Tieton Capital Management's Investment Team buys small, value common stocks like owners, not traders. The Team identifies companies with the following characteristics:

- ◆ **Catalysts to drive the company for the next two to three years**
- ◆ **Prefer industries where companies have the ability to differentiate**
- ◆ **Business has solid competitive position**
- ◆ **Business has quality management**
- ◆ **Business with prudent debt level**
- ◆ **Business has ability to earn sound return on capital**
- ◆ **Business is capable of solid cash flow generation**
- ◆ **Internally generated revenue growth is expected over time**
- ◆ **The product or service must add value**

From the portfolio perspective:

- ◆ **Client accounts remain fully-invested**
- ◆ **Focused portfolio, own only our best ideas**

Investing in common stocks, especially of small companies, involves significant risk of loss and you should be prepared to bear this loss.

As a service for select clients, Tieton Capital will buy no-load mutual funds to create a more rounded portfolio than is the case when solely investing in the Small Cap Value strategy. Clients' asset allocation is tailored to each individual situation. Investing in equity and fixed income mutual funds involves risk of loss and you should be prepared to bear this loss.

- B. Common stocks are volatile, and you can lose money owning them. Small companies are expected to be more volatile than large companies. You should be prepared to accept the liquidity risk of smaller companies and the concentration risk caused by us owning only 25 to 35 companies in the portfolio. Although these 25 to 35 companies are our best ideas, the portfolio concentration will likely cause higher volatility. In addition, we will be wrong with some of our investment decisions, which will undoubtedly cause you to lose money. However, if we are successful the additional volatility inherent in owning small companies and the concentrated portfolio will generate better long-term investment results. A full performance disclosure presentation detailing historical investment results is available upon request.

- C. Tieton Capital Management primarily owns small companies in the value space with market capitalizations less than \$2 billion at initial purchase. In addition to the risk of losing money in common stocks, small value companies pose the additional risk of being less liquid and more volatile. These factors increase your likelihood of loss.

Item 9: Disciplinary Information

- A. Neither Tieton Capital Management, nor any of our employees, has had any civil or criminal actions brought against them.
- B. Neither Tieton Capital Management, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Neither Tieton Capital Management, nor any of our employees, has had any proceedings before a self-regulatory organization.

Item 10: Other Financial Industry Activities and Affiliations

- A. No Tieton Capital Management employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. No Tieton Capital Management employees are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.
- C. Tieton Capital Management does not have any related parties. As a result, we do not have a relationship with any related parties.
- D. Tieton Capital Management only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

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

- A. Tieton Capital Management adopted an internally revised version of the CFA Institute Code of Ethics and Standards of Professional Conduct. Annually, employees certify that they read, understand and will comply with our Code of Ethics. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

- B. Neither Tieton Capital Management, nor any of our employees, recommends to clients, or buys or sells for client accounts, securities in which we have a direct, material financial interest. Please see the next disclosure (Item 11, C.) for information regarding our Personal Trading Policy, which covers material, indirect financial interests.
- C. Tieton Capital does not buy securities for its own account. Therefore, no potential conflict of interest exists at the firm level. However, personal trading by employees is allowed. Tieton Capital appreciates that employees may have a high level of confidence in the companies Tieton Capital owns for clients and we support employees owning these same companies. Yet, Tieton Capital desires to maintain the integrity of the profession and the integrity of Tieton Capital Management. Accordingly, client accounts take priority over employee's personal trading to reduce the conflict of interest. Even if actual conflicts do not exist, we work to avoid perceived conflicts of interest. Tieton Capital Management's Personal Trading Policy follows:

Personal trading by employees is allowed. Tieton Capital Management appreciates that employees may have a high level of confidence in the companies Tieton Capital owns for clients and Tieton Capital supports employees owning these same companies. Yet, Tieton Capital desires to maintain the integrity of the profession and the integrity of Tieton Capital Management. Accordingly, trading in client accounts take priority over employees' personal trading. Even if actual conflicts do not exist, Tieton Capital works to avoid any perceived conflicts of interest.

Personal trading encompasses Tieton Capital employees and any individual in the employee's household. Therefore, all members of the employee's household are subject to Tieton Capital's Personal Trading Policy. In addition, any account that the employee or a household member has authority over outside of Tieton Capital is also subject to Tieton Capital's Personal Trading Policy.

The firm maintains a restricted list of companies. Personal trading of any company on the restricted list is not allowed, even if there is not an actual conflict and only a potential or perceived conflict. Companies are added to the restricted list when a decision to purchase a block for client accounts is made or when a company is being considered for a block trade. Companies are removed from the restricted list no earlier than the day after the block trade is complete or when they are no longer under consideration for a trade.

Pre-approval for personal trades is required other than for direct obligations of the U.S. Government, bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments (including repurchase agreements), money market funds, shares issued by open-end mutual funds, shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, real estate, automatic investment plans and similar investments. If a personal trade is not completed on the day of approval, then pre-approval is required on each subsequent day the personal trade is attempted. If a trade is executed without pre-approval, then the trade must be reversed, any profits disgorged, and any losses will be assumed by the personal account.

Personal accounts that are managed entirely by Tieton Capital (full discretion similar to other client accounts) are not subject to the pre-approval requirement, since they are in fact a client and are subject to the same random allocation as all other clients.

In the case of private placements and other securities where trade confirmations are not immediately available, the trade is still subject to the pre-approval requirements noted above (without the same day trade requirement) and documentation of the trade must be provided to the Chief Compliance Officer (CCO) when the trade is complete.

Employees and other accounts subject to Tieton Capital's Personal Trading Policy are required to have their custodian(s) send duplicate statements and trade confirmations to Tieton Capital's CCO. Confirmations are matched with the pre-approval record. Custodial statement transaction history is compared with confirmations and the pre-approval record to ensure only pre-approved transactions were executed. Another person will pre-approve and review the transactions made by CCO. Additionally, pre-approved trades are evaluated with hindsight for any perceived conflicts of interest, even though the security was off the restricted list when the personal trade was completed. If there is the potential for a perceived conflict of interest with hindsight, the details of the trade will be explained in the Compliance Notables.

New accounts opened are required to be set up with duplicate statements and confirmations going to the CCO and an initial statement of positions given to the CCO. New members of an employee's household are required to provide the CCO an initial copy of all personal accounts' statements and have the custodian mail duplicate statements and confirmations to the CCO.

- D. Tieton Capital does not buy securities for its own account. Therefore, no potential conflict of interest exists at the firm level. However, personal trading by employees is allowed. In some cases, employees may desire to trade securities that the firm is trading for clients. The potential conflicts of interest are addressed with the firm's Personal Trading Policy, which is described in the answer to the prior question (Item 11, C.).

Item 12: Brokerage Practices:

- A. Accounts where clients use a bank to custody their assets are traded utilizing institutional traders. The highest commission historically paid to the institutional traders is \$0.03 per share. When a client does not have a relationship with a bank or broker-dealer of their own, we ask them to open an account at Schwab Advisor Services. Commission rates at Schwab Advisor Services are less than \$10 per transaction down to \$0.00 in many instances.

When a client designates a broker-dealer other than one suggested by Tieton Capital higher costs will likely result. In these instances, clients are hereby advised that you are responsible to negotiate your own transaction cost and that we are not doing so for you. Further, we may be prohibited from executing a transaction with a dealer, specialist or market-maker for particular securities that may limit the wealth we can generate for you.

1. Research and Other Soft Dollar Benefits. Tieton Capital Management does not pay for any products, research or services from the firms it trades with, nor are these items factors in determining the executing broker. Our mission is to increase our clients' wealth. Therefore, our sole focus when selecting an executing broker for clients with a bank custodian is best execution. Some firms we trade with make general economic, company specific information and/or regulatory and compliance information available regardless of commissions paid, which Tieton Capital does receive in some instances. The information received is not dependent on commission rates paid. All clients benefit from information Tieton Capital utilizes from any third party. Our primary research source is our internal analysis of companies via face-to-face meetings, phone conversations and reading SEC filings. Third party information has minimal weight in our process. A more detailed description of our research methods is in "Item 8: Methods of Analysis, Investment Strategies and Risk of Loss" above.
 - a. We do not use client brokerage commissions for the purpose to obtain research or other services. Trade execution is done on a best execution basis.
 - b. Since we do not use client brokerage commissions to obtain research or other services, our incentive is for clients to receive best execution in order to maximize our clients' wealth.
 - c. We do not cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.
 - d. Information received from third parties is used to benefit all clients.
 - e. Tieton Capital does not pay for any products, research or services with client brokerage. However, even trading with broker-dealers on a best execution basis results in access to some general economic, company specific information and/or regulatory and compliance information regardless of commissions paid. The information received is not dependent on commission rates paid.
 - f. Tieton Capital does not direct commissions to broker-dealers in return for soft dollar benefits.
2. Brokerage for Client Referrals. Tieton Capital Management does not consider referrals when we select or recommend broker-dealers to clients.

3. Directed Brokerage.

- a. Tieton Capital Management recommends clients that do not have a custodial relationship with a bank to custody their account with Schwab Advisor Services. We do not receive compensation from Schwab Advisor Services for accounts our clients open with them. Not all advisers require their clients to direct brokerage. We may not be able to achieve the most favorable execution of client transactions for any account with a broker custodian. Consequently, this may cost clients money and limit our ability to maximize our clients' wealth. Schwab Advisor Services is our recommended broker for clients without a bank custodian relationship because of their low commission structure, effective trade execution platform and the ability to aggregate client trades, which decreases potential dispersion of returns amongst accounts.
 - b. Clients who custody with a bank are not permitted to direct brokerage commissions. We may not be able to achieve most favorable execution of client transactions for accounts that choose to custody with a broker custodian. Clients who choose to custody assets with a broker-dealer may incur higher commission rates, we may not be able to aggregate orders to reduce transaction costs and clients may receive less favorable prices. These factors can cost clients money.
- B. Tieton Capital Management will aggregate the purchase or sale of securities for various client accounts at custodians with aggregating abilities when the timing of orders allows it. The benefit to clients is the decrease in potential dispersion of returns amongst accounts.

Item 13: Review of Accounts

- A. Tieton Capital Management periodically reviews client accounts. Biweekly the cash level of all accounts is reviewed as a percentage of each account's total value. Outliers are analyzed to determine if positions should be purchased or sold to bring the accounts closer to the model. This review is generally conducted by William Dezelle, CFA, Chief Investment Officer. Quarterly individual account performance is reviewed for outliers. If there are outliers, analysis is done to understand why and determine if any changes are needed. This review is generally conducted by William Dezelle, CFA, Chief Investment Officer and Matthew Dhane, CFA, Portfolio Manager.
- B. Accounts are reviewed following material deposits or withdrawals. Accounts may also be reviewed in conjunction with purchasing or selling a position across all client accounts. This may include a post trade review of the position's weighting in all accounts, which is intended to identify outliers.

C. Quarterly, clients receive written reports from Tieton Capital. Quarterly reports include the following:

- ◆ Account appraisal, which includes market value and cost basis of each company owned with a statement asking clients to compare our report to the statement sent by their custodian
- ◆ Realized gain and loss report for the year-to-date period
- ◆ Performance report, which includes quarter-to-date, year-to-date and inception-to-date performance of the account
- ◆ Account update letter, includes year-to-date performance of the Russell 2000 Value and the Russell 2000 (may exclude index comparison Q1 of each year due to the short time period of a single quarter) and clients are asked if circumstances have changed that may require a review of the suitability of their assets managed by Tieton Capital
- ◆ Fee notice, or invoice if the account pays by check
- ◆ Our Privacy Policy is included with the second quarter report each year

Custodians also deliver statements as least quarterly to clients.

Item 14: Client Referrals and Other Compensation

- A. Neither Tieton Capital Management, nor any of our employees, receives any economic benefit, sales awards or other prizes from any outside parties for providing investment advice to our clients.
- B. Tieton Capital Management does not compensate any person or entity who is not a supervised person for client referrals.

Item 15: Custody

Tieton Capital Management has authority to debit fees directly from client accounts. For this reason only, we are deemed to have custody of client funds. Clients receive account statements from their custodian at least quarterly. These statements should be reviewed carefully. Tieton Capital sends a report to clients quarterly as described in Item 13, C. above. We urge you to compare the statements received from your custodian with the reports we send you each quarter. The portfolio appraisal you receive from us each quarter will have a reminder notice similar to the following: Please compare this report to the statement sent by your custodian.

Item 16: Investment Discretion

Tieton Capital Management has discretionary investment authority over the accounts we manage. Prior to assuming discretionary authority, clients are provided an Agreement, which includes the current ADV Part 2A and Part 2B as an exhibit. By signing the Agreement, clients grant Tieton Capital Management discretionary investment authority over their account.

Clients also complete our Client Record. The Client Record provides us information to assess client suitability for our discretionary investment management services. It also provides you the ability to place restrictions on your account. The most common restrictions prohibit us from buying specific companies or social restrictions.

In addition to our Client Record, suitability is assessed through conversations with prospective clients and/or their consultants.

Item 17: Voting Client Securities

- A. Tieton Capital Management will accept, and prefers to have, authority to vote client proxies. You may contact us if you want to direct the vote of a specific proposal for your account. Your request will only apply to your account. If we determine your view is in conflict with other clients' best interest, the remaining clients will be voted in their best interest. You may contact us to obtain a copy of our proxy voting record. Tieton Capital Management's Proxy Voting Policy follows:

Proxy Voting: Whether Tieton Capital or the client votes proxies is at the client's determination. When voting proxies, Tieton Capital's utmost concern is that all decisions be made solely in the best interest of the client. Tieton Capital acts in a timely and diligent manner intended to increase the client's wealth. Records of the clients Tieton Capital voted for, the proxies it voted, and how Tieton Capital voted are maintained.

Proxy guidelines are in Form ADV Part 2; therefore, prospective clients receive the Proxy Policy. Annually, clients are at minimum sent material changes to Form ADV Part 2 and are offered to receive the complete ADV Part 2, which includes this Proxy Policy.

Responsibility: Tieton Capital's Chief Investment Officer is ultimately responsible for ensuring that all proxies received by Tieton Capital are voted in a timely manner and in a manner consistent with Tieton's determination of the client's best interest.

Voting Guidelines: Each proxy issue is considered individually. Tieton Capital follows general guidelines used in voting proposals contained in the proxy statements, but these guidelines are not used as rigid rules.

Tieton Capital votes in favor of routine proposals which do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given

the routine nature of these proposals, proxies are normally voted with management. Traditionally, these issues include election of auditors recommended by management, date and place of annual meeting, ratification of directors' actions on routine matters since previous annual meeting, responsible Employee Stock Purchase Plans and establishing reasonable 401(k) Plans.

Tieton Capital generally votes against any management proposal that is not deemed to be in the shareholder's best interests. Proposals in this category include issues regarding the issuer's Board entrenchment, anti-takeover measures, and providing cumulative voting rights.

Tieton Capital votes other items on a case-by-case basis with the intention to increase the client's wealth. If there is a material conflict of interest between Tieton Capital's interests and a client's interests, the client's interest is put first.

This Proxy Policy is governed by Rule 206(4)-6 of the Investment Advisers Act of 1940.

You may obtain a separate copy of our Proxy Voting Policy upon request.

- B. If you do not grant us proxy voting authority, then you will receive proxies and other solicitations directly from your custodian or a transfer agent. If you are voting your own proxies and have questions about any proposal, you may contact us at (509) 965-6488 to discuss the proposal.

Item 18: Financial Information

Tieton Capital Management does not have any debt today, nor has the firm carried any debt since its inception. We do not plan on borrowing any money in the future. The firm holds excess cash reserves in case of an emergency.

- A. Tieton Capital Management does not require prepayment of fees longer than three months in advance.
- B. Tieton Capital Management has discretionary authority over client accounts. There are no financial conditions that are likely to impair our ability to meet our contractual commitments to clients.
- C. Tieton Capital Management has not been the subject of a bankruptcy petition.



ADV Part 2B – Brochure Supplement

William J. Dezellem, CFA
Chief Investment Officer & President

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www.TietonCapital.com

Dated February 25, 2020

This brochure supplement provides information about William J. Dezellem, CFA that supplements the Tieton Capital Management brochure. A copy of that brochure precedes this supplement. Please contact William J. Dezellem, CFA if the Tieton Capital Management brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about William J. Dezellem, CFA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Expertise

William J. Dezellem, CFA was born in 1968. Mr. Dezellem graduated Magna Cum Laude in 1990 from Central Washington University with double majors in Business Economics and Business Administration with a Finance emphasis. He has been Chief Investment Officer and President of Tieton Capital Management since he founded the firm in 2005.

Prior to founding Tieton Capital, Mr. Dezellem was the founding Portfolio Manager of the Davidson Investment Advisors' Small/Mid Cap Value strategy (originally known as the Regional Value strategy) where he was the lead Portfolio Manager from the strategy's inception in January 1998 through May 2005. From April 2000 until June 2004, Mr. Dezellem was also the firm's Chief Investment Officer, overseeing the investment professionals that managed nearly \$1 billion of client assets. Prior to joining Davidson Investment Advisors, Mr. Dezellem was Vice President of Research and Senior Research Analyst at ICM Asset Management in Spokane, Washington. During his tenure from 1990 to 1997, he participated in the firm's growth from approximately \$100 million in assets under management to \$2 billion under management.

Mr. Dezellem earned the Chartered Financial Analyst (CFA) designation in 1993. According to the CFA Institute, to be awarded the CFA charter one must have four years of qualified investment experience, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The disciplines of study include accounting, economics, ethics, equity analysis, fixed income analysis, portfolio management and statistics. The CFA Institute describes the CFA designation as follows: "First introduced in 1963, the Chartered Financial Analyst designation, or CFA charter, has become the most respected and recognized investment credential in the world."

Item 3: Disciplinary Information

- A. William J. Dezellem, CFA has not had any civil or criminal actions brought against him.
- B. William J. Dezellem, CFA has not had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. William J. Dezellem, CFA has not had any proceedings before a self-regulatory organization.
- D. William J. Dezellem, CFA has not had proceedings in which a professional attainment, designation, or license was revoked or suspended.

Item 4: Other Business Activities

- A. William J. Dezellem, CFA is not engaged in any investment-related businesses outside of Tieton Capital Management, nor does he have any applications pending to register with a broker-dealer or other investment firm. Mr. Dezellem does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

- B. William J. Dezellem, CFA does not engage in any other business that provides a substantial source of his income or consumes a substantial portion of his time.

Item 5: Additional Compensation

William J. Dezellem, CFA does not receive any additional compensation beyond his salary and regular quarterly bonus for providing advisory services.

Item 6: Supervision

William J. Dezellem, CFA, Chief Investment Officer and President, is also the Chief Compliance Officer. Mr. Dezellem's phone number is (509) 965-6488. Mr. Dezellem and Matthew W. Dhane, CFA coordinate investment advice provided to clients. Ultimately, Mr. Dezellem is responsible for supervision of the individuals providing investment advice to clients. Given the small number of clients and employees at Tieton Capital, this is done on an individual client basis.



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Matthew W. Dhane, CFA
Portfolio Manager & Principal

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Additional information about Matthew W. Dhane, CFA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Expertise

Matthew W. Dhane, CFA was born in 1980. Mr. Dhane earned a double major from Seattle University in Business Administration - Finance and Business Administration - Business Economics. He is Portfolio Manager, and Principal of Tieton Capital Management. From 2005, when he co-founded the firm, to January 2014 Mr. Dhane was Senior Research Analyst and Principal.

Prior to co-founding Tieton Capital, Mr. Dhane was the Small/Mid Cap Value strategy Research Analyst at Davidson Investment Advisors from June 2002 through July 2005.

Mr. Dhane earned the Chartered Financial Analyst (CFA) designation in 2009. According to the CFA Institute, to be awarded the CFA charter one must have four years of qualified investment experience, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The disciplines of study include accounting, economics, ethics, equity analysis, fixed income analysis, portfolio management and statistics. The CFA Institute describes the CFA designation as follows: "First introduced in 1963, the Chartered Financial Analyst designation, or CFA charter, has become the most respected and recognized investment credential in the world."

Item 3: Disciplinary Information

- A. Matthew W. Dhane, CFA has not had any civil or criminal actions brought against him.
- B. Matthew W. Dhane, CFA has not had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Matthew W. Dhane, CFA has not had any proceedings before a self-regulatory organization.
- D. Matthew W. Dhane, CFA has not had proceedings in which a professional attainment, designation, or license was revoked or suspended.

Item 4: Other Business Activities

- A. Matthew W. Dhane, CFA is not engaged in any investment-related businesses outside of Tieton Capital Management, nor does he have any applications pending to register with a broker-dealer or other investment firm. Mr. Dhane does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.
- B. Matthew W. Dhane, CFA does not engage in any other business that provides a substantial source of his income or consumes a substantial portion of his time.

Item 5: Additional Compensation

Matthew W. Dhane, CFA does not receive any additional compensation beyond his salary and regular quarterly bonus for providing advisory services.

Item 6: Supervision

William J. Dezelle, CFA, Chief Investment Officer and President, is also the Chief Compliance Officer. Mr. Dezelle's phone number is (509) 965-6488. Mr. Dezelle and Matthew W. Dhane, CFA coordinate investment advice provided to clients. Ultimately, Mr. Dezelle is responsible for supervision of the individuals providing investment advice to clients. Given the small number of clients and employees at Tieton Capital, this is done on an individual client basis.