

Item 1. Introduction

Tieton Capital Management, headquartered in Yakima, WA, is an investment adviser registered with the U.S. Securities and Exchange Commission. *Investment advisory and brokerage services and fees differ and it is important for you to understand the differences.* Free and simple tools are available to research firms and financial professionals at www.Investor.gov/CRS, which also provides educational materials about investment advisers, broker-dealers and investing.

Item 2. Relationships and Services

What investment services and advice can you provide me? We provide discretionary investment management services, meaning we make decisions and trades on your behalf.

Description of Services: We offer investment management to retail investors through an internally managed small cap value style. For individual clients who want additional styles we utilize no-load mutual funds. We are limited in our ability to internally manage styles beyond small value. We monitor client investments on the following cadence: bi-weekly account cash levels are reviewed to identify outliers; quarterly individual account performance is reviewed for outliers and accounts are reviewed following material deposits or withdrawals. Post trade weighting reviews are completed to identify outliers. These services are included as part of our standard service. We manage accounts with discretionary authority, meaning Tieton Capital is responsible for investment purchase and sale decisions. Entering into a Discretionary Management Agreement initiates this authority and is valid until the Agreement is terminated. We manage, and you will likely be investing in, our proprietary small cap value strategy. Our services are limited to our Small Cap Value strategy and Style Allocated No-Load Mutual Funds. Our minimum account size is \$500,000.

Additional Information: Tieton Capital was founded by Bill Dezelle, CFA and co-founded by Matt Dhane, CFA. The firm's 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. Additional information is available in Form ADV Part 2 Items 4 and 7 at <http://tietoncapital.com/form-adv-part-2/>. We do not receive any additional cash compensation beyond salaries and a regular quarterly bonus for providing advisory services. **We follow the overriding principal that the client's interests come first.**

Given my financial situation, should I choose an investment advisory service? Why or why not? Yes, if you want someone to research lesser-known companies for you and make the investment decisions on your behalf, saving you the time and work involved.

How will you choose investments to recommend to me? We will base our allocation to the small value strategy based on your overall assets, goals and personal situation. Details of our Investment Philosophy and Process are available in Form ADV Part 2 Item 8 at <http://tietoncapital.com/form-adv-part-2/>. If no-load mutual funds are purchased, the allocation will create a diversified portfolio intended to accomplish your goals.

What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean? We have over 45 combined years of experience. Besides business and economics related degrees, our investment professionals earned the Chartered Financial Analyst (CFA) designation. The CFA Program is a graduate level program known as the "gold standard" among financial industry professionals. Earning the CFA charter demonstrates mastery of ethical and professional standards, portfolio management and wealth planning, equity investments, financial reporting and analysis, fixed-income investments, derivatives, alternative investments, quantitative methods, corporate finance and economics.

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

What fees will I pay? We are compensated with fees based off the quarter-end value of your accounts. The Small Value fee is 0.25% per quarter, assessed in advance. For clients utilizing no-load mutual funds, the quarterly fee is 0.0625%, assessed in advance. Actual fees are disclosed each quarter with your quarterly report. The more assets there are in your account, the more you will pay in fees. Therefore, we have an incentive to encourage you to contribute more assets to your account. In addition, if we manage both small value and no-load mutual funds for you, we have

an incentive to increase the proportion of your assets in our small value strategy. Brokerage fees, mutual fund management fees and account maintenance fees are in addition to our management fee and paid to unrelated parties.

Additional Information: *You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.* For additional information, please see Form ADV, Part 2 Item 5 at <http://tietoncapital.com/form-adv-part-2/>.

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me? Each \$10,000 will be assessed a \$25 management fee per quarter in the Small Value Strategy. Therefore, \$9,975 would be available to invest. The Style Allocated Mutual Funds management fee is only \$6.25 per quarter on each \$10,000 invested.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? As an investment adviser we have a duty to put your interests ahead of Tieton Capital's interest, also known as a fiduciary duty to you. **Our firm's only revenue source is management fees. We do not assess additional or hidden fees.** Because we make more money when we manage more assets a potential conflict of interest is to encourage you to place more money under our management.

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. We could encourage you to place additional assets with us to increase the firm's revenue. We could recommend you place additional assets in the Small Value Strategy to generate higher fees than the Style Allocated No-Load Mutual Fund Strategy. The more assets there are in an account, the more you will pay in fees. Therefore, we have an incentive to encourage you to increase the assets in your account, especially in the small value strategy. **We do not receive third-party payments. We do not receive revenue sharing payments. We do not buy or sell investments from you for our own accounts.**

How might your conflicts of interest affect me, and how will you address them? Since we are an investment adviser and not a broker, we are required to put your interests in front of Tieton Capital's interests (known as a fiduciary duty). Still, our conflicts may lead to you paying the firm additional fees. However, over the long-term the small company value style has outperformed other styles. As a result, this could also lead to you making more money.

Additional Information: More detailed information about our conflicts of interest are available in Form ADV, Part 2 at <http://tietoncapital.com/form-adv-part-2/>.

How do your financial professionals make money? Our financial professionals make money from their salary and a quarterly bonus based on the firm's revenue earned on management fees after expenses. If investment performance exceeds the Russell 2000 Value, the firm finances a quarterly gathering for all employees and their families. Consequently, we are incentivized for you to place more assets with us and to successfully grow your assets through investment performance. **There are no prizes or other incentives based on selling.**

Item 4. Disciplinary History

Do you or your financial professionals have legal or disciplinary history? As a financial professional, do you have any disciplinary history? For what type of conduct? No, neither the firm nor employees have any legal or disciplinary history. You may visit www.Investor.gov/CRS for a free and simple search tool to research Tieton Capital Management, our investment professionals and other firms' financial professionals.

Item 5. Additional Information

You can find additional up-to-date information about us and our services on our website at www.TietonCapital.com or phone us at **509-965-6488** to request additional information. You can also request a copy of this relationship summary from us.

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me? Bill Dezelle, CFA and Matt Dhane, CFA are your primary contacts. Both are representatives of Tieton Capital Management, an investment adviser. You may contact Bill or Matt, if you have concerns with how the other is treating you.