

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

Applicant: Posey Capital Management Inc.	SEC File Number: 801-	Date: 1/10/2005
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(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: Posey Capital Management Inc.	IRS Empl. Ident. No.: 76-0726285
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Item of Form (identify)	Answer
Item 1.D.	<p>Advisory Services and Fees Posey Capital Management Inc. offers personalized portfolio management and financial planning services to individuals, trusts, estates, charitable organizations, corporations, and other business entities. The firm's services and fee arrangements are described in the following pages.</p> <p>Posey Capital Management is a corporation formed under the laws of the State of Texas. The firm is registered with the State of Texas as a registered investment adviser. This Schedule F narrative provides clients with information about the firm, its qualifications and business practices, and the nature of the advisory services offered by the firm. The information in this Schedule F has not been approved or verified by the United States Securities and Exchange Commission, the State of Texas or any other State securities authority.</p> <p>Please contact Thomas L. Posey, President, if you have any questions about this Schedule F narrative. Additional information about Posey Capital Management is available on the Internet at www.poseycapital.com. In addition, the Security and Exchange Commission's Web site offers information about registered investment advisors at www.adviserinfo.sec.gov. You can search the SEC site by a unique identifying number, known as a CRD number. The CRD number for Posey Capital Management is 122405.</p> <p>Portfolio Management Services Posey Capital Management offers portfolio management services in which the investment advice provided is custom-tailored to meet the needs and investment objectives of the client. Subject to any written guidelines that the client may provide, the firm may be granted discretionary authority to manage the account. Accordingly, Posey Capital Management is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. Once the portfolio is constructed, Posey Capital Management provides ongoing supervision of the portfolio as changes in market conditions and client circumstances may require.</p> <p>Portfolio Management Fees The fee for portfolio management services is billed quarterly at the end of each quarter. Fees are assessed on a pro rata basis if the portfolio management service begins at any time other than the first day of a calendar quarter. Posey Capital Management invoices the client directly for portfolio management services or, with client consent, fees may be paid on the client's behalf by the qualified independent custodian holding the clients' funds and securities and deducted from the client's account.</p> <p>The portfolio management fee is based on a percentage of the assets under management and typically ranges from ½ of 1% to 2% per year, depending on the size and complexity of the client's account. In most cases the fee is 1% per year, or ¼% per quarter.</p> <p>At its discretion, the firm may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. Posey Capital Management may allow such aggregation, for example, where the firm services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow clients the benefit of an increased asset base which could potentially enable the accounts to be assessed a reduced advisory fee based on the larger asset base.</p>

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	<p>Qualified Independent Custodian Posey Capital Management never has custody of any client funds or securities. The services of a qualified independent custodian who reports directly to the client are utilized for all portfolio management accounts. Generally, the custodian is Fidelity Investments. The custodian sends transaction confirmations and monthly statements directly to the client on all client accounts.</p> <p>Financial Planning Services Financial planning typically involves providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. The topics frequently covered include retirement planning, investment advice on asset allocation and investment selections, insurance planning, tax planning, planning for children's and grandchildren's educations, gifting programs, wealth transfer planning, business succession planning and estate planning. Financial planning services may include consultations and/or written plans that analyze a client's financial situation and make appropriate recommendations for strategies. Assistance with implementing the strategies may be provided as well.</p> <p>Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, Posey Capital Management offers general consulting services that address only those specific areas of concern.</p> <p>Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to Posey Capital Management. The client is responsible for providing complete and accurate information about his or her financial situation and circumstances. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. Posey Capital Management cannot offer any guarantees or promises that the client's financial goals and objectives will be met. <u>As the client's financial situation, goals, objectives, or needs change, the client must notify Posey Capital Management promptly.</u></p> <p>Financial Planning Fees Posey Capital Management's financial planning fees range from \$175 to \$350 per hour. A retainer is paid in advance and additional hours are billed to the client as incurred. Alternatively, a fixed fee can be negotiated for clients intending to use portfolio management services.</p> <p>Insurance As part of its financial planning services, Posey Capital Management may provide advice on life, disability and long-term care insurance needs. Thomas L. Posey, President, is licensed with the Texas Department of Insurance (Group I – Life and Health Insurance). If the firm's analysis indicates that the client should consider insurance, the firm may recommend an insurance agent based on the agent's costs, reputation, dependability and compatibility with the client, and may assist the client with obtaining the insurance. The firm charges an hourly fee for this service.</p> <p>Posey Capital Management does <u>not</u> accept insurance commissions or referral fees in connection with any insurance that may be purchased by the client. Posey Capital Management is <u>not</u> related to any insurance company or agent and does not guarantee the products or services of any insurance company or agent.</p> <p>Wills and Other Legal Documents Thomas L. Posey, President, is an attorney and a member in good standing of the State Bar of</p>

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Item 5.	<p>Texas, but he does not practice law. At the client's request, the firm may recommend an attorney based on the attorney's costs, reputation, dependability and compatibility with the client. Posey Capital Management is not related to any attorney or law firm and does not guarantee the work of any attorney or law firm. Posey Capital Management does not accept legal fees or referral fees for any legal referral.</p> <p>Termination The client may terminate the financial planning and/or consulting agreement within five days of the date of acceptance without penalty to the client. However, the client will incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, Posey Capital Management will promptly refund the unearned fees to the client.</p> <p>Posey Capital Management or the client may terminate the portfolio management agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon 30 days written notice to the other, may terminate the portfolio management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given.</p> <p>General Information on Advisory Services, Mutual Fund Investments, and Fees Posey Capital Management does not represent, warrant, guarantee or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. <u>Past performance is no guarantee of future performance.</u> Market values of investments will always fluctuate based on market conditions.</p> <p>Advice offered by Posey Capital Management may involve investments in mutual funds. Clients are advised that all fees paid to Posey Capital Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund fees will generally include a fund management fee and other fund expenses. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time Posey Capital Management will direct the client to the appropriate Web page to access the prospectus.</p> <p>In addition, the custodian may charge a brokerage fee to purchase or sell securities. Generally the brokerage fee charged by Fidelity Investments is \$40 per mutual fund trade. Posey Capital Management does <u>not</u> share in any brokerage fee that may be charged by the custodian.</p> <p>The client should review all fees charged by mutual funds, Posey Capital Management, and the custodian to fully understand the total amount of fees to be paid by the client.</p> <p>Education and Business Standards Posey Capital Management requires its associates who work with clients in financial planning to have or to be working toward their Certified Financial Planner® or Registered Paraplanner® designations.</p>

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Item 6.	<p>Education and Business Background Thomas Lawson Posey <i>Year of Birth:</i> 1957 Formal Education:</p> <ul style="list-style-type: none"> ▪ B.A., Business Administration, Trinity University, 1979. ▪ B.A., Psychology, Trinity University, 1979. ▪ J.D., University of Texas at Austin, 1992. <p>Honors:</p> <ul style="list-style-type: none"> ○ Teaching Quizmaster, 1990-91. ○ Board of Advocates, 1991-92. ○ Champion, National Moot Court Competition, Region 10, 1991. ○ Best Brief Award; Lewis F. Powell Award for Excellence in Advocacy. ○ Champion, Hutcheson Moot Court Competition, 1990. ▪ Accredited Asset Management Specialist (AAMS), 2001. ▪ Certified Financial Planner (CFP®), 2002. <p>Business Background for the Previous Five Years:</p> <ul style="list-style-type: none"> ▪ Faculty, Rice University School of Continuing Studies, Certified Financial Planner Certification Education Program, Spring 2004 to present. ▪ Posey Capital Management Inc., President, August 2002 to present. ▪ Wealth Development Strategies, a securities broker-dealer, registered representative, 2000-2002. ▪ Law practice, 1992-2000.
Item 9.E.	<p>Purchases of Securities Recommended to Clients On occasion, Thomas L. Posey or other individuals associated with Posey Capital Management may buy or sell for their personal account(s) investment products identical to those recommended to clients. There is no conflict of interest as the securities are widely held and publicly-traded and such trades are too small to affect the market.</p>
Item 12.A.	<p>Investment or Brokerage Discretion Posey Capital Management manages client accounts on a discretionary basis. The firm's and the custodian's policies and procedures both prohibit and prevent the firm or its associates from withdrawing any assets from client accounts. The firm's discretionary transactions by the firm in client accounts are limited to general securities, mutual funds, options and government securities.</p>
Item 12.B.	<p>Suggestion of Broker Clients who wish to implement Posey Capital Management's advice are free to select any securities broker they wish, and are so informed. Those clients who ask Posey Capital Management to recommend a broker will receive a recommendation based on the broker's costs, skills, reputation, dependability and compatibility with the client. Clients may be able to obtain lower commissions and fees from other brokers. The value of products, research and services provided to Posey Capital Management by the broker, if any, is not a factor in determining the selection of broker-dealers. Posey Capital Management is entirely independent, does not share in any fees or commissions charged by any custodian, and does not accept compensation from any custodian.</p>
Miscellaneous	<p>Confidentiality and Privacy Policy As an employee of Posey Capital Management, associated persons may learn Confidential Information concerning the firm and clients. "Confidential information" generally means all information not publicly available (through the media or public records), and includes but is not limited to the composition of client portfolios, certain records, procedures and other proprietary information, and</p>

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	<p>family or personal information. The firm's policy requires individuals it employs not to disclose, directly or indirectly, any confidential information to anyone other than firm personnel and authorized professionals such as broker-dealers, attorneys, and accountants who need such information in order to perform their professional services for the client. To assist with certain back office functions such as performance reporting, the firm may utilize independent service providers that are bound by agreement to maintain client confidences. The qualified independent custodian also has access to client Confidential Information.</p> <p>A copy of the firm's privacy policy notice is provided to each client along with the execution of an advisory agreement. In addition, the firm mails a copy of its privacy policy to clients annually.</p> <p>Trade Error Correction Procedures On infrequent occasions, an error may be made in a client account. For example, a security might be erroneously purchased for a client account instead of sold. Generally, in such a situation, the firm will seek to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to canceling the trade, adjusting an allocation, and/or reimbursing the account.</p> <p>Proxy Voting The firm is not required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. On occasion, at the client's request, the firm may offer clients advice regarding corporate actions and the exercise of proxy voting rights.</p>

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