



FORM ADV, PART II
Amended March 17, 2008



Uniform Application for Investment Adviser Registration

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	July 31, 2008
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Name of Investment Adviser: Piedra Capital, Ltd.					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code	Telephone Number
3700 Buffalo Speedway, Ste 520	Houston	TX	77098	(713)	622-7625

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.

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(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: Piedra Capital, Ltd.	SEC File Number: 801- 44359	Date: 03/17/2008
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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 instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services	<u>> 99.9</u>	%
<input type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services	_____	%
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above	_____	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription	_____	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above	_____	%
<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	_____	%
<input type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	_____	%
<input type="checkbox"/>	(8)	Provides a timing service	_____	%
<input checked="" type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above	<u><0.1</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 type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input type="checkbox"/>	(3)	Fixed fees (not including subscription fees)	<input checked="" 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 checked="" type="checkbox"/>	G.	Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D.	Pension and profit sharing plans			

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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

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

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

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

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

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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

(For each checked 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:
Piedra Capital, Ltd.

SEC File Number:
801-44359

Date:
03/19/2007

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.

All portfolios are reviewed at least once a month by members of the Operations staff upon receipt of monthly statements from the asset custodians. Where computer data downloads are available from the asset custodians, transactions are reviewed daily by members of the Operations Staff. The reviewers are instructed to review each account for accuracy of account value and holdings, investment income, purchases and sales, and cash deposits, withdrawals and balances.

All portfolios are continually monitored for performance, stock position size, sector allocation and cash positions by the Portfolio Manager. All securities held by clients are monitored on a continual basis by the Portfolio Manager. Special reviews of a security will be conducted as a result of 1) unusual price changes; 2) earnings reports; 3) news articles; and 4) other significant events.

Portfolios are reviewed with the client by a principal of the firm at any time upon request by the client. Specific investments and goals/objectives are established when the relationship is initiated and reviewed on, at least, an

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

Written reports are provided to most clients on a quarterly basis. (Certain brokerage sponsored wrap fee accounts receive quarterly reports directly from the sponsor.)

- Reports cover all current investment positions, including cash. Periodic performance of the portfolio is reported to clients not involved in wrap fee programs. For clients involved in wrap fee programs, performance may be sent to the wrap fee sponsor unless specifically requested by the client.

- Reports may also include a summary section, as well as details of all transactions. Details may include purchases, sales, additions, withdrawals, interest, dividends and expenses.

Clients may request reports at any time.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:
Piedra Capital, Ltd.

SEC File Number:
80144359

Date:
04/04/1996

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <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 products 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 |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(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

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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

Applicant:
Piedra Capital, Ltd.

SEC File Number:
801-**44359**

Date:
03/17/2008

(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: Piedra Capital, Ltd.	IRS Empl. Ident. No.: 76-0405348
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Item of Form (identify)	Answer								
1.D.	<p>Piedra Capital, Ltd. ("Piedra") offers investment management services. Piedra also provides a model to other investment advisers.</p> <p>Investment Management Services:</p> <p>Piedra's investment management services include discretionary management of clients' assets according to the objectives and limitations, if any, established in the investment advisory agreement between Piedra and each client. Clients receive periodic reports on their accounts, which include holdings and performance and any other reports Piedra may deem appropriate. Additionally, Piedra provides regular evaluations of client objectives, risk tolerance, and expected returns during meetings with clients. Clients may request interim evaluations at any time.</p> <p>Fees for investment management services are based on a percentage of the value of the assets in the client's account. Fees are charged quarterly, in advance, and may vary from client to client. Fees may also be negotiable, depending on the circumstances of a particular client's account.</p> <p>Piedra's basic fees for investment management services are as follows:</p> <p style="margin-left: 40px;">Equity/Cash Component of Portfolio:</p> <table style="margin-left: 80px;"> <tr> <td>1.00%</td> <td>First \$5.0 Million</td> </tr> <tr> <td>0.85%</td> <td>Next \$5.0 Million to \$10.0 Million</td> </tr> <tr> <td>0.63%</td> <td>All Amounts Over \$10.0 Million</td> </tr> </table> <p style="margin-left: 40px;">Fixed Income Component of Portfolio</p> <table style="margin-left: 80px;"> <tr> <td>0.50%</td> <td>All Bond Holdings</td> </tr> </table> <p>All securities comprising an investment management account will be valued at their closing sales price as of the last trading day of the calendar quarter. If an account is opened after the beginning of a calendar quarter, fees will be prorated. Margin or debit balances will be excluded from all computations of fees.</p> <p>In certain circumstances, Piedra may negotiate performance fees for clients eligible to pay such fees. SEC regulations concerning client eligibility for performance fees are highly detailed and, therefore, would be carefully considered prior to agreeing to such an arrangement.</p> <p>Piedra's investment management fees are in addition to the management fee and other internal expenses incurred by any investment company or money market fund in which the client's money is invested.</p> <p>In some instances, Piedra is retained under a wrap fee arrangement in which a broker-dealer recommends the firm, pays it management fees on behalf of the client, executes the client's portfolio transactions without commission charges, monitors the firm's performance and may also act as custodian or provide some combination of these or other services, all for a single fee. In other instances, Piedra is retained under such a wrap fee arrangement but with the client's management fees billed separately by Piedra and others billed by the sponsor. Piedra's minimum account size, as well as the investment advisory fee, in a wrap fee arrangement may vary from those of other clients.</p>	1.00%	First \$5.0 Million	0.85%	Next \$5.0 Million to \$10.0 Million	0.63%	All Amounts Over \$10.0 Million	0.50%	All Bond Holdings
1.00%	First \$5.0 Million								
0.85%	Next \$5.0 Million to \$10.0 Million								
0.63%	All Amounts Over \$10.0 Million								
0.50%	All Bond Holdings								

Complete amended pages in full, circle amended items and file with execution page (page 1). **PAGE 1**

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

Applicant:
Piedra Capital, Ltd.

SEC File Number:
801-**44359**

Date:
03/17/2008

(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: Piedra Capital, Ltd.	IRS Empl. Ident. No.: 76-0405348
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Item of Form (identify)	Answer
1.D. (continued)	<p>If so requested and authorized, Piedra will vote proxies on behalf of its clients. For this purpose, Piedra has retained Egan-Jones Proxy Services to provide it with proxy analyses and vote recommendations. Egan-Jones is an independent proxy services company that provides research, recommendation, and voting services for domestic and foreign proxy proposals.</p> <p>Piedra will usually accept the Egan-Jones proxy voting recommendations and vote accordingly. Piedra may, however, deviate from a recommendation from Egan-Jones upon a specific request from a client or if the firm believes it is in its clients' best interest to do so. In the event of a conflict of interest on the adviser's part, Piedra will vote in accordance with the recommendation of Egan-Jones. Any such instances will be fully documented in Piedra's records.</p> <p>Clients may obtain information regarding how Piedra voted their proxies by sending a request to Piedra's Albuquerque office at:</p> <p style="padding-left: 40px;">Piedra Capital, Ltd. 5600 Wyoming Blvd., NE Suite 250 Albuquerque, NM 87109</p> <p>All clients may terminate their investment advisory agreements upon providing ten days' written notice. Upon termination, fees will be prorated and charged for the current quarter. Unearned fees will be refunded. Furthermore, all clients may terminate the investment advisory agreement with Piedra within five business days of its effective date without payment of any fees or penalties.</p>
2. G.	Piedra also generally provides investment advice to state or municipal government entities.
5.	<p>Education and Business Standards</p> <p>Piedra requires a minimum of a degree from a four-year accredited college and three years of related experience.</p>
6.	<p>Education and Background</p> <p>Name: Stanley Peter Hidalgo, II Founding member Piedra Capital, Ltd. Year of Birth: 1943 Formal Education after High School - Texas A&M University, Bryan, TX 1961-1963 - University of Texas, Austin, TX 1963-1965; BA-Political Science - University of Arkansas, Fayetteville, AR 1971-1972; MBA-Finance Business Background for Past 5 Years - 7/93 to Present: Principal, Piedra Capital, Ltd.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). **PAGE 2**

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

Applicant:
Piedra Capital, Ltd.

SEC File Number:
801-**44359**

Date:
03/17/2008

(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: Piedra Capital, Ltd.	IRS Empl. Ident. No.: 76-0405348
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Item of Form (identify)	Answer
6. (continued)	<p>Name: John A. McDonald Vice President, Investments Year of Birth: 1967 Formal Education After High School - Baylor University, Waco, TX 1985-1989; BBA-Finance/Entrepreneurship - University of St. Thomas, Houston, TX 1990-1992; MBA-Finance Business Background for Past 5 Years - 08/00 to present: Vice President, Investments, Piedra Capital, Ltd.</p> <p>Name: Michael V. Hidalgo, CFA Senior Vice President, Investments Chief Compliance Officer Year of Birth: 1967 Formal Education After High School - Tulane University, New Orleans, LA 1985-1986 - University of Texas, Austin, TX 1986-1989; BA-Economics - The Wharton School of the University of PA, Philadelphia, PA 1993-1995; MBA-Finance Business Background for Past 5 Years - 01/01 to present: Senior Vice President, Investments, Piedra Capital, Ltd.</p>
9.E.	<p>Along with its clients' portfolios, Piedra also manages money for its own account and the accounts of related persons. It is Piedra's policy that the client will always receive the best price available at the time of execution for any trades made during a similar time period for Piedra's own account or the accounts of related persons.</p> <p>In order to avoid any conflict with portfolio trades for its clients, Piedra has also adopted a Code of Ethics which is attached.</p>
10.	The minimum value for opening an account is \$250,000.
12.A.(1)(2)	The investment advisory agreements between Piedra and its clients detail specific limitations on the authority of Piedra or related persons on behalf of clients as to specific securities and amounts to be bought or sold.

Complete amended pages in full, circle amended items and file with execution page (page 1). **PAGE 3**

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

Applicant:
Piedra Capital, Ltd.

SEC File Number:
801-44359

Date:
03/17/2008

(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: Piedra Capital, Ltd.	IRS Empl. Ident. No.: 76-0405348
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Item of Form (identify)	Answer
12.A.(3)(4), 12.B. and 13.A.	<p>The investment advisory agreements between Piedra and its clients detail limitations as to specific brokers or dealers to be used. Other than limitations placed on Piedra in the investment advisory agreement, Piedra makes decisions based on continuous assessment of the following variables:</p> <ul style="list-style-type: none"> - General level and reasonableness of commissions paid - Account size - Timeliness of execution - Research services provided - Execution facilitation services provided - Ability to place trades in difficult market environments - Frequency and correction of errors - Financial responsibility - Business reputation - Liquidity of the securities traded <p>Clients may pay commissions higher than those obtainable from brokers in return for the value of the services provided by a specific broker. Piedra attempts to execute trades, on behalf of clients, at the best possible price including commissions. The value of services such a research quality and product availability are taken into consideration. Research received from brokers and dealers is used to service all of Piedra's accounts.</p> <p>Some clients direct Piedra to use a particular broker-dealer to execute transactions for the client's account. In these circumstances, the client should understand that, in directing Piedra to use a particular broker-dealer, Piedra might not obtain commission rates and execution terms as favorable as those obtained by Piedra's clients who do not direct brokerage. For clients, who direct brokerage, Piedra will not seek to lower commissions and, therefore, a disparity may exist between commissions paid by clients who direct brokerage and Piedra's other clients. Clients should further understand that, in directing brokerage, they may forego benefits such as block trades and volume discounts that Piedra obtains for its other clients who do not direct brokerage.</p> <p>As a rule, Piedra does not participate in IPOs. However, if the firm makes a decision to do so, the Chief Investment Officer will make an allocation among eligible client accounts. Allocations of new issues may not necessarily be made relative to account size and, therefore, smaller accounts may receive a disproportionate allocation. To be eligible to participate in "new issue" trades, an account must be of a sufficient size (currently a minimum size of \$100,000.00) and/or eligible to be traded away from the asset custodian.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 4

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

Applicant:
Piedra Capital, Ltd.

SEC File Number:
801-44359

Date:
03/17/2008

(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: Piedra Capital, Ltd.		IRS Empl. Ident. No.: 76-0405348
Item of Form (identify)	Answer	
12.A.(3)(4), 12.B. and 13.A (continued)	<p>Piedra has soft dollar arrangements with the brokerage firms, Gateway Trading Company and Lehman Brothers, whereby it obtains research services in exchange for brokerage commissions generated from client accounts. Piedra receives no cash benefits from these firms. Commissions paid by Piedra clients are in line with industry standards and at competitive rates. Research services and products received under the soft dollar arrangements include: Reuters America LLC, a research tool for screening and reporting and a stock valuation software package; Reuters, a real-time quotation, news retrieval and charting service; Bloomberg Finance LP, which provides a composite overview of key information on selected securities; New York Stock Exchange, American Stock Exchange, NASD, domestic data exchanges; Options Price Reporting Authority, pricing and data exchange; Thomson Financial (IL), earnings estimate provider; Interactive Data Corporation pricing and corporate actions services; Omgeo LLC, trade confirmation affirmation system; Arms Advisory, technical and market analysis; and Starmine Corp., earnings and analyst reviews. Piedra may have similar soft dollar arrangements with other broker-dealers in the future.</p>	
13.B.	<p>Piedra Capital, Ltd. may compensate individuals who are exempt from Rule 206(4)-3 due to their direct association with the firm as related persons when a portion of their duties involves solicitation on behalf of the firm. Piedra will include each person involved in solicitation, as appropriate, in its filings to conduct business in various states.</p> <p>Piedra also maintains a policy whereby it will compensate other qualifying parties for specific client referrals. This compensation is based upon a fixed percentage of the investment advisory fees actually received by Piedra from referred clients. Such agreements may only be entered into with properly registered individuals or entities. Each agreement will be in writing and fully disclosed to the referred client. In addition, Piedra will acquire from the referred client, a written acknowledgment of its receipt of the solicitor's disclosure document and also Piedra's disclosure document (Form ADV, Part II). The terms and conditions of each referring agreement may vary determined by circumstances present among the parties. The payment of referral fees by Piedra will comply with the state law governing such agreement.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 5

PIEDRA CAPITAL, LTD. CODE OF ETHICS

This Code of Ethics establishes rules of conduct for all personnel (“associates”) of Piedra Capital, Ltd. (“PCL”) with regard to their personal investment and other investment-related activities. The Code also requires all personnel’s strict compliance with federal securities laws.

The conduct of the personnel of PCL is governed by one basic principle: **the interests of our clients must come first**. Thus, no associate may make personal use of information available by reason of his/her position with PCL until after PCL has acted upon the information for our clients. Additionally, each investment opportunity which comes to the attention of an associate by virtue of his/her position with PCL and which is appropriate for consideration by PCL for investment on behalf of our clients must be first made available for the benefit of our clients before the associate can take any personal advantage of the opportunity.

This Code is intended to assist personnel of PCL in fulfilling all of their obligations under the Investment Advisers Act of 1940, the governing document of investment advisers. **It applies to all associates of Piedra Capital, Ltd.**

1. DEFINITIONS

- **Associate.** Any officer or employee of PCL.
- **Family Member.** An associate’s spouse, significant other, or other relative whether related by blood, marriage or otherwise, who either (i) shares the same home, or (ii) is financially dependent upon the associate or (iii) whose investments are controlled by the associate. Also includes any unrelated individual for whom an associate controls investments and materially contributes to the individual’s financial support.
- **Restricted Lists.** Lists of issuers of securities that PCL is analyzing or recommending for client transactions, and prohibiting personal trading in securities of those issuers (i.e., “Bullpen” and “Prospects”).
- **Security.** Any financial instrument treated as a security for investment purposes and any related instrument such as futures, forward or swap contract entered into with respect to one or more securities. **Exemptions for the purpose of this Code of Ethics are:**
 - i. **Direct obligations of the Government of the United States;**
 - ii. **Money market instruments – bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;**
 - iii. **Shares of money market funds;**
 - iv. **Shares of other types of *unaffiliated* mutual funds;**
 - v. **Units of a unit investment trust if the unit investment trust is invested exclusively in *unaffiliated* mutual funds.**

Also exempted are trades in the accounts of Associates that mirror the *Prudent Growth*[™] and/or Large Cap Core portfolios. These portfolios will be placed in a special group and traded by PCL at least 1 day *after* trades are completed in the PCL clients’ *Prudent Growth*[™] and/or Large Cap Core portfolios. *Note: Sales in*

clients' Prudent Growth™ and Large Cap Core portfolios will also be mirrored in these Associates' accounts.

Trades for any securities other than Prudent Growth™ or Large Cap Core securities in these accounts, however, must be pre-cleared through regular pre-clearance procedures.

2. PRE-CLEARANCE OF PERSONAL SECURITIES TRANSACTIONS

All personal securities trades (except for trading exempt securities as defined above) **must be approved in advance**. This requirement applies to trades for associates' and family members' (defined above) accounts. The procedures for pre-clearance are attached as Appendix A.

3. RESTRICTIONS ON PERSONAL INVESTING ACTIVITIES

If a purchase or sale order is pending or under active consideration (i.e., on the firm's Restricted Lists) for any client's account, neither the same security nor any related security (such as an option, warrant or convertible security) may be bought or sold for any associate's account.

4. INITIAL PUBLIC OFFERINGS AND PRIVATE PLACEMENTS

Purchases of securities through an initial public offering and purchases or sales of securities that are not publicly traded must be pre-cleared and will not be approved unless the associate provides full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of such person's activities on behalf of any clients) and it is concluded, after consultation with the Chief Investment Officer and the relevant Portfolio Managers, that PCL or its clients would have no foreseeable interest in investing in such security or any related security for the account of any client.

5. BLACKOUT PERIOD

No security or related security may be bought or sold by any associate during the period commencing 24 hours prior to and ending 24 hours after the purchase or sale (or entry of an order for the purchase or sale) of that security or any related security for the account(s) of any clients. Under unusual circumstances, PCL's Chief Compliance Officer and/or Principal have the authority to grant exceptions.

6. SHORT-TERM TRADING

Generally, no security or related security may, within a 30-day period, be bought and sold or sold and bought at a profit for any associate's account if the security or related security was held at any time during that period in any client's account. This provision will eliminate conflicts presented by potential front-running transactions. The Chief Compliance Officer and PCL's Principal may clear a personal transaction within a 30-day period for exceptional or unusual circumstances.

7. EXEMPT TRANSACTIONS

Participation on an ongoing basis in an issuer's dividend reinvestment or stock purchase plan, participation in any transaction over which an associate had no direct or indirect influence or control, and involuntary transactions (such as mergers, inheritances, gifts, etc.) are exempt from pre-clearance.

8. OTHER RESTRICTIONS

- **Gifts.** No associate shall accept any gift or other item of more than a \$250.00 value from any person or entity that does business with or on behalf of any clients.
- **Service as a Director.** No associate shall commence service on the Board of Directors of any publicly traded company or any company in which any client's account has an interest without prior authorization from the Chief Compliance Officer and the Principal of PCL.
- **Inside Information.** All associates are subject to the Insider Trading Policies and Procedures attached as Appendix B.

9. REPORTS AND ADDITIONAL COMPLIANCE PROCEDURES

- **Code of Ethics Certification.** Each associate will be provided with a copy of the Code at time of hire, whenever amended, and on an annual basis. Each associate will be required to certify in writing that he/she has read and understood the Code and recognizes that he/she is subject to such Code. Annually, he/she must also certify in writing that he/she has disclosed or reported all personal securities transactions required to be disclosed or reported under the Code. Upon receipt of an amendment to the Code, each associate must certify in writing that he/she has received a copy of the amendment and has read and understood it and recognizes that he/she is subject to it. **The initial report is due within 10 days of hire; the annual report is due by January 31st; and amendment certifications are due within 10 days of receipt.**
- **Securities Holdings.** Each associate, at time of hire and on an annual basis thereafter, will be required to submit a list of his/her holdings (including holdings of family members) and all securities accounts to the Chief Compliance Officer. The initial report, which must be current as of a date not more than 45 days prior to hire, is **due within 10 days of hire**, and the annual report (listing holdings as of December 31) is **due by January 31st**.
- **Trade Confirmations.** Copies of trade confirmations for all personal securities transactions must be received by the Chief Compliance Officer within one week following the pre-clearance and execution of the trades. Therefore, all associates are strongly urged to have Piedra Capital, Ltd. set up to receive duplicate confirmations of all trades done in their brokerage accounts and also those of their family members (as defined above).
- **Transaction Reports.** Each associate will be required to submit, on a quarterly basis and **due not later than 30 days after the end of each calendar quarter**, a report of all securities transactions (otherwise not exempted) made for the associate's and all family members' accounts in the previous quarter.

- **Client Relationships.** Upon the commencement of employment and on an annual basis thereafter, each new associate must disclose any personal or business relationships that exist between the associate or family members (as defined above) and any PCL client. The purpose of providing PCL this information is to avoid any conflicts of interest that may appear to be inconsistent with PCL's serving the investment advisory needs of the client in question. **The initial report is due within 10 days of hire, and the annual reports are due by January 31st.**
- **Annual Certification Regarding Registration Matters.** All individuals registered as investment adviser representatives of Piedra Capital, Ltd. must annually certify in writing that they have reviewed their Form U4s currently on file with the CRD and that the responses to each item are accurate. Exceptions, if any, must be noted on the Certification Form. **This report is due by January 31st.**

10. INTERPRETATION AND ENFORCEMENT

The Code of Ethics cannot anticipate every situation in which personal interests may be in conflict with the interests of the clients. Associates should be responsive to the intent of the Code as well as to its specific provisions.

Any individual who believes that the Code may have been violated or is about to be violated is required to report this information promptly to the Chief Compliance Officer. If, for any reason, an individual believes that he/she cannot report an actual or potential violation of the Code to the Chief Compliance Officer, that individual should report the actual or potential violation to the Principal of the firm or to a Compliance staff member. Reports may be made anonymously. Reports of violations or potential violations will be investigated promptly. Retaliation against an individual who makes a report under this section is prohibited and constitutes a violation of the Code.

PCL reserves the right to decide, on a case-by-case basis, exceptions to any provisions under this Code.

If any doubt exists regarding any provision of the Code or whether a conflict of interest with clients might exist, the matter should be discussed beforehand with the Chief Compliance Officer.

The Code of Ethics is designed to detect and prevent fraud against our clients and to avoid impropriety or the appearance of impropriety. To provide assurance that policies are effective, personal securities transactions reports will be monitored and checked, by a member of the compliance staff, against client portfolio transactions on a quarterly basis. Any deviations from the policies will be reported to the Chief Compliance Officer and/or PCL's Principal for both review and appropriate action.

Sanctions for violations could include disgorgement of profit, fines, termination of employment, and/or a report to the appropriate regulatory authority.

APPENDIX A

PIEDRA CAPITAL, LTD. CODE OF ETHICS

PRE-CLEARANCE PROCEDURES

Pre-Clearance for Public Securities¹

Any personal trades **MUST** be approved in advance. This requirement applies to all associates. The pre-clearance policy governs trades for all associates' personal accounts or those of a family member².

Requests to pre-clear trades must be sent via e-mail to mike@pedracapital.com with copies to pete@pedracapital.com and bjones@pedracapital.com. The e-mail must include the following data:

- Name of Security to Trade
- Ticker Symbol
- Cusip Number (debt securities)
- Trade Type (buy or sell)
- Purchase date (required only when selling a security)
- Brokerage House
- Brokerage Account Number

You will be notified via e-mail on the same day as to whether or not clearance has been granted.

YOU MAY NOT TRADE UNTIL CLEARANCE IS RECEIVED. Clearance approval is valid for twenty-four (24) hours after received. If you don't trade the cleared security within the twenty-four hour window, you must *re-submit* your request for pre-clearance as outlined above.

Pre-Clearance for IPOs and Private Placements

Clearance for the purchase of IPOs and private placement securities may be obtained via e-mail to the Chief Compliance Officer. The request must include:

- Complete Name of the Security
- Seller and whether or not the seller is one with whom the associate does business on a regular basis
- Statement that the investment opportunity did not arise by virtue of your activities on behalf of any clients.

¹ Excludes U.S. Government securities, bank Certificates of deposit, commercial paper, municipal securities, and open-end mutual funds.

² An associate's spouse, significant other, or other relative whether related by blood, marriage or otherwise, who either (i) shares the same home, or (ii) is financially dependent upon the associate or (iii) whose investments are controlled by the associate. Also includes any unrelated individual for whom an associate controls investments and materially contributes to the individual's financial support.

Date of the request

Clearance will be granted if it is concluded, after consultation with the Chief Investment Officer and relevant Portfolio Managers, that PCL or its clients would have no foreseeable interest in investing in such security or related security for the account of any client. Clearance may be denied if the transaction would raise issues regarding the appearance of impropriety.

Unusual or Exceptional Circumstances

All requests for pre-clearance of personal transactions due to unusual or exceptional circumstances should be directed via e-mail to the Chief Compliance Officer. Such e-mail should include the security information required above and, additionally, fully explain the circumstances surrounding the reason for the request.

APPENDIX B

PIEDRA CAPITAL, LTD. INSIDER TRADING POLICY

This statement represents the policy of Piedra Capital, Ltd. with respect to the receipt and use of material nonpublic information. As an essential part of your work, many of you may have access to material nonpublic information. Those of you who possess such information hold a special position of trust and confidence toward it.

Court and SEC administrative decisions interpreting the antifraud provisions of the federal securities laws generally make it unlawful for any person to trade securities for themselves or their clients while in possession of material nonpublic information or selectively to disclose such information to others who may trade. Violations of these provisions may result in civil and criminal penalties, including fines and jail sentences, as well as dismissal by the firm. Although there are exceptions to these prohibitions, these exceptions are limited.

"Nonpublic" information is any information that has not been disclosed generally to the marketplace. Information received about the firm that is not yet in general circulation should be considered nonpublic. Similarly, information received about another company in circumstances indicating that it is not yet in general circulation should be considered nonpublic. As a general rule, one should be able to point to some fact to show that the information is widely available; for example, its publication in the Wall Street Journal or in other major news publications.

"Material" information is any information about a company or the market for the company's securities that is likely to be considered important by reasonable investors, including reasonable speculative investors, in determining whether to trade. Information that affects the price of the company's securities is likely to be deemed material.

While it is not possible to identify in advance all information that will be deemed to be material, some illustrations of such information would include earnings, dividend actions, mergers and acquisitions, major discoveries, major new products, significant advances in research, major personnel changes, labor negotiations, price changes or major marketing changes, government investigations, or significant litigation.

Material nonpublic information might be inadvertently disclosed to you by a company director, officer, or employee. It might also be disclosed to you by persons with business relationships with the company, such as its investment banker. In such a case, you should immediately report the facts to the firm's Chief Investment Officer for a decision regarding appropriate steps.

In addition, whenever you receive information about a company, you should refrain from trading while in possession of that information unless you first determine that the information is either public, non-material, or both. You should also refrain from disclosing the information to others, such as family, relatives, business or social acquaintances, who do not need to know it for legitimate business reasons. If you have any questions at all as to whether the information is material and nonpublic, you must resolve the question or questions before trading, recommending trading, or divulging the information.

If there is any unresolved question in your mind as to the applicability or interpretation of these standards or the propriety of any trading or disclosure, the issue should be discussed with the Chief Compliance Officer or the firm's Principal/Chief Investment Officer prior to trading or disclosure of the information. The firm's Chief Compliance Officer and Chief Investment Officer are responsible for the implementation of this statement of policy.