

**FORM ADV**  
**Part II – Page 1**

**Uniform Application for Investment Adviser Registration**

**OMB APPROVAL**

OMB Number 3235-0049  
Expires February 28, 2011  
Estimated average burden  
hours per response..... 4.07

Name of Investment Adviser:

**Foothills Asset Management, Ltd.**

Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number
<b>8767 E. Via de Ventura, Suite 175</b>	<b>Scottsdale</b>	<b>AZ</b>	<b>85258</b>	<b>(480)</b>	<b>777-9870</b>

**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.**

**FORM ADV**  
**Part II - Page 2**

Applicant:

**Foothills Asset Management, Ltd.**

SEC File Number:

**801-55154**

Date:

**January 22, 2010**

Definitions for Part II

Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. Advisor 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 .....  | 100% |
| <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<br>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 type="checkbox"/> (9) Furnishes advice about securities in any manner not described above .....  | %    |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisor 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 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 type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

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

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

**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 checked="" 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 type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>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<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales   |  |

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**Part II - Page 4**

Applicant:  
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**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? .....

(If yes, describe these standards on Schedule F.)

Yes No  
☒ ☐

**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
- formal education after high school
- year of birth
- 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:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (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? .....
- (If yes, describe on Schedule F the partnerships and what they invest in.)

Yes No  
☐ ☒

Applicant:  
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**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 advisor 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
<input checked="" type="checkbox"/>	<input type="checkbox"/>

(If yes, describe on Schedule F.)

- 11. Review for Managing 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.

See Schedule F

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

See Schedule F

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**12. Investment or Brokerage Direction.**

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

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

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

Applicant: <b>Foothills Asset Management, Ltd.</b>	SEC File Number: <b>801-55154</b>	Date: <b>January 22, 2010</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

**1. D.**

**Investment Advisory Services and Fees**

Foothills Asset Management, Ltd.'s (FAML) investment services are currently limited to the management of investment portfolios for individuals, trusts, corporations, retirement plans, endowments, foundations and charitable organizations. Based upon information supplied by the client in the firm's *Confidential Client Questionnaire*, each portfolio is managed using individual securities that match client objectives and tolerance for risk. Periodic communication with the client is used to adjust the portfolio in order to conform to changes in the client's personal circumstances, investment objectives or risk tolerance.

Clients engage Foothills Asset Management, Ltd. to provide investment management services on a fee-only basis. Investment discretion is granted to Foothills Asset Management, Ltd. unless such authority is specifically limited and delivered by the client to Foothills Asset Management, Ltd. in writing. Annual investment management fees are based upon a percentage of the assets being managed as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$ 500,000 - \$ 1,000,000	1.00%
\$ 1,000,001 - \$ 3,000,000	0.85%
\$ 3,000,001 - \$ 5,000,000	0.75%
\$ 5,000,001 - \$ 10,000,000	0.65%
Over \$ 10,000,000	0.50%

**Minimum fee \$1,250.00 per quarter**

The annual investment management fee is prorated and paid quarterly, in arrears, based upon the quarter-end market value of the assets, including accrued interest and dividends and amounts payable and receivable for securities transactions, on the last trading day of each billing quarter. If the client elects to have management fees deducted directly from the account, FAML informs the client that the Custodian has no duty to verify the calculation of the fee. Foothills Asset Management, Ltd. generally requires a \$500,000 per client minimum for investment management services; however, in its sole discretion, FAML may charge a lesser management fee or waive the \$500,000 client minimum based upon certain criteria, i.e., anticipated future additional assets, related accounts, or other negotiations with clients on a case-by-case basis.

Prior to engaging Foothills Asset Management, Ltd. to provide investment management services, the client is required to enter into a formal *Investment Management Agreement* setting forth the terms and conditions under which FAML will manage the client's assets. The *Investment Management Agreement* between FAML and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. Investment management fees are prorated from the beginning of the billing quarter through the date of termination. Neither FAML nor the client may assign the *Investment Management Agreement* without the prior written consent of the other party.

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

Applicant: <b>Foothills Asset Management, Ltd.</b>	SEC File Number: <b>801-55154</b>	Date: <b>January 22, 2010</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

**1. D.  
(Continued)**

Except in those limited circumstances where Foothills Asset Management, Ltd. may consider non-discretionary engagements, FAML provides investment management services on a discretionary basis. Broker-dealers/custodians charge commissions and or transaction fees for effecting certain securities transactions (i.e., generally, transaction fees are charged for certain mutual funds, commissions are charged for individual equity securities transactions). When beneficial to the client, certain securities transactions may be effected through broker-dealers with whom Foothills Asset Management, Ltd. has entered into arrangements for prime brokerage clearing services pursuant to the terms and conditions of the agreement between the client's custodian and the client. In addition to the investment management fee, brokerage commissions and/or transactions fees, the client will incur, relative to mutual fund purchases, charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

Depending upon unique circumstances such as other account relationships, expected significant growth in account value, special conditions or portfolio guidelines, fees are subject to negotiation. Clients should also be aware that comparable services might be available at a lower cost, from other sources. Fees are computed and payable when the services are rendered.

Fees shall not be increased without written notice to the client.

**Sub-advisory Services and Fees**

**Services:**

Foothills Asset Management, Ltd., also serves as a sub-advisor to other SEC registered investment advisors. With the information provided by the Advisor concerning a client's individual financial needs and investment objectives, FAML recommends an initial portfolio of securities and cash or cash equivalents. Once the portfolio is determined, the portfolio is managed by FAML based on each client's individual needs and circumstances.

The client and the Advisor determine suitability of asset allocation. The Advisor, if appropriate and based upon the available information provided by the Advisor, may suggest modifications to the client's portfolio to more adequately address the client's individual needs. The client may place reasonable restrictions on the nature of the securities held in the portfolio, and the Advisor may assist the client in understanding and evaluating the potential impact of these restrictions on the model portfolios.

Accounts are monitored continuously and when appropriate, FAML suggests a reallocation of the portfolio based on changing market and economic conditions. These suggested reallocations are implemented without prior notice to clients whose accounts are managed on a discretionary basis.



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

Applicant: <b>Foothills Asset Management, Ltd.</b>	SEC File Number: <b>801-55154</b>	Date: <b>January 22, 2010</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

**1. D.  
(Continued)**

**Fees:**

Depending upon the agreement between FAML and the Advisor, FAML may bill the Advisor on a consolidated basis for all of the advisor's accounts managed by FAML, or may bill the independent custodian for each individual account based upon a percentage of assets under management subject to rates mutually agreed upon by and between the Advisor and FAML. If the Advisor collects the fees from the client's account, Advisor will remit FAML's portion directly to FAML. All Advisors receive duplicate invoices from FAML for each managed account.

Fees are assessed in arrears at the end of each billing quarter based upon the value of the client's account at the end of the previous billing quarter.

Clients should refer to Advisor's disclosure documents for a description of Advisor's services and fees. FAML provides its disclosure documents to Advisor who then distributes such documents to their clients as evidenced by a signed receipt returned to FAML.

**Wrap Fee Programs**

**Services:**

Foothills Asset Management, Ltd. participates as an investment advisor for certain wrap fee programs sponsored by broker-dealers. In a wrap fee program, the sponsor provides services to the client, including assisting the client in selecting a portfolio manager (such as FAML) based upon client investment objectives. The wrap program sponsor pays FAML its advisory fee on behalf of the client and executes the client's portfolio transactions through the wrap program sponsor or another broker, all in return for a single "wrap" fee paid by the client to the sponsor. FAML does not serve as sponsor of any wrap fee programs.

In some wrap fee programs, FAML may serve as sub-advisor to another registered investment advisor that may contract directly with the sponsor. In wrap fee programs generally, FAML relies on the program sponsor or the primary advisor to perform certain administrative services for FAML and for wrap program clients. FAML is reasonably available for consultation with the sponsor or primary advisor and considers reasonable client account restrictions and other factors communicated by the sponsor or primary advisor to facilitate the provision of individualized investment management services. FAML may use a model portfolio to assist it in directing the purchase of similar securities for wrap program clients who select FAML as portfolio manager. Keith Wibel, or a person he may designate, generally makes decisions for the model portfolio used to guide investment decisions affecting wrap program clients.

In wrap fee and similar directed broker arrangements, client transactions are generally expected to be executed only with the broker-dealer providing custodial and other services. No assurance can be given that transactions executed in accordance with such arrangements result in the best execution available to the client. Depending on a variety of factors, including the amount of the

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

**1. D.  
(Continued)**

single fee, the trading activity and the value of custodial and other services, the single fee may or may not exceed the separate costs of such services.

FAML is an investment advisor eligible for selection by various clients participating in Charles Schwab Managed Account Connections and Marketplace program sponsored by Charles Schwab & Co., Inc.

**Fees:**

The sponsor sets the amount of each wrap fee, and the sponsor pays a portion of the wrap fee to FAML. Clients may be charged a single fee for all services provided by a broker with whom the client has a custodial account that FAML manages on a discretionary basis. To the extent that such a fee is a wrap fee, the introducing firm has the obligation to make any required disclosures and clients with such arrangements should contact their financial consultant with respect to the fees for any services other than the investment advisory services provided by FAML. The wrap fee generally is not based on the transactions in a client's account. The sponsor of the wrap fee program is responsible for the delivery of a disclosure statement containing at least the information required by Schedule H of Form ADV to such clients and prospective clients. Moreover, the sponsor is responsible for delivering the FAML Form ADV Part II ("Disclosure Brochure") to clients and annually offering the FAML Form ADV Part II to clients.

**5.**

**Education and Business Standards**

Foothills Asset Management, Ltd. maintains standards of education and business experience required of all persons who manage portfolios, provide performance analysis or provide investment advice to clients. The appropriate background includes a college degree, meaningful financial experience and/or advanced degrees in finance or related fields and relevant professional designation.

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

Applicant:  
**Foothills Asset  
Management, Ltd.**

SEC File Number:  
**801-55154**

Date:  
**January 22, 2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

**6.**

**Education and Business Background**

Robert Keith Wibel, CFA (b. 1957)

Arizona State University, 1980 - B.S. Business Administration, Finance Major

Institute of Chartered Financial Analysts (AIMR), 1990 - CFA

**1995-Present:** Foothills Asset Management, Ltd. - President

1994-1995: Scottsdale Madison, LLC - Vice President

1987-1994: Northern Trust Bank of Arizona - Vice President

Kris Lumsden, IACCP<sup>sm</sup> (b. 1948)

College of Mt. St. Joseph, 1999 - B.A. Paralegal Studies

**2002- Present:** Foothills Asset Management, Ltd. - Chief Compliance Officer and  
Director of Operations

2000-2002: Law Offices of Donald J. Burris - Paralegal

1990-2000: Bahl & Gaynor, Inc. - Office Manager

Florence Ruth Wibel (b. 1956)

Arizona State University, 1984 - MBA

Arizona State University, 1977 - B.A. Anthropology

**1996-Present:** Foothills Asset Management, Ltd. - Chief Financial Officer

1987-1989: Arizona State University - Accountant

Nathan Erickson, CFA (b. 1978)

University of Sydney, 2008 - Master of Commerce (Finance)

Keller Graduate School of Management, 2007 - Master of Accounting and Financial  
Management

Northwest University, 2005 - MBA

Kenyon College, 2000 - B.A. Psychology

**2009 - Present:** Foothills Asset Management, Ltd. - Portfolio Manager

2008 - 2009: Charles Schwab & Co., Inc. - Registered Broker

2007 - 2008: Kaplan Funds Management - Equity Analyst

2005 - 2007: Sterling Savings Bank - Senior Income Property Loan Analyst

**Schedule F of  
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Applicant: <b>Foothills Asset Management, Ltd.</b>	SEC File Number: <b>801-55154</b>	Date: <b>January 22, 2010</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Foothills Asset Management, Ltd.</b>	IRS Empl. Ident. No.: 86-0801223
Item of Form (identify)	Answer

<b>9. E.</b>	<p style="text-align: center;"><b>Interest in Client Transactions</b></p> <p>Foothills Asset Management, Ltd. adopted a Code of Ethics (the “Code”) to establish policies addressing its fiduciary duties to its clients. The Code generally prohibits fraudulent or manipulative practices in connection with client investments as well as establishing policies regarding personal trading by FAML employees. All employees shall conduct themselves in such a manner that transactions of clients have priority over transactions in securities or other investments in which employees are beneficial owners. An employee is a “beneficial owner” if he or she directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect pecuniary interest in the securities or the investment. In addition, transactions in securities or other investments by employees of the firm must not operate adversely to the interest of clients. If Foothills Asset Management, Ltd. recommends the purchase or sale of a security, clients must have adequate opportunity to act on the recommendation before the employees may act on their own behalf. FAML has implemented procedures designed to ensure compliance with the provisions of the Code, including pre-approval of personal securities transactions, annual affirmations of compliance, quarterly transaction reports and annual holdings reports submitted to the firm’s Chief Compliance Officer. FAML periodically reviews its personal trading policies in light of industry practices, Securities and Exchange Commission proposals and rules, and best practice recommendations of organizations offering compliance advice to investment advisory firms. A copy of the Code of Ethics is available to clients or prospective clients upon request directed to Foothills Asset Management, Ltd.</p>
<b>10.</b>	<p style="text-align: center;"><b>Conditions for Managing Assets</b></p> <p>Foothills Asset Management, Ltd. requires a \$500,000 minimum dollar amount of manageable assets. The firm discourages accounts of less than \$500,000, but such minimum account size may be waived under special circumstances as reviewed by the principals of the firm on a case-by-case basis. Minimum fee requirements also act to discourage clients with less than \$500,000. Should a client retain the firm to manage an account on a minimum fee basis, charges to the account shall not exceed 1% of the assets under management and the minimum quarterly assessed fee may be reduced or waived. Foothills Asset Management, Ltd. reserves the right to refuse to accept management responsibilities or to resign from the management of any account when it is determined that the client’s investment objectives are inconsistent with the firm’s overall fiduciary duty in managing its client accounts.</p>

**Schedule F of  
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**Review of Accounts**

**11. A.**

**Review of Accounts:**

Client account reviews are conducted on an ongoing basis, with a general review occurring twice a month and a more detailed review conducted at least quarterly. FAML will conduct a special review of any client account upon request or unusual market occurrences. Account reviews are designed to ensure that the securities purchased or held for client accounts are consistent with each client's specific investment objectives as indicated in the written investment policy guidelines. All clients are advised via their quarterly reports from FAML that it remains their responsibility to advise Foothills Asset Management, Ltd. of any changes in their investment objectives and/or financial situation. Foothills Asset Management, Ltd. encourages clients to review investment objectives and account performance at least annually. Foothills Asset Management, Ltd. does not have a limitation on the number of client accounts assigned to each account manager.

**FAML's Compliance Program:**

FAML maintains a compliance program that is generally designed to review client accounts from time to time and to otherwise prevent violations of applicable guidelines or regulations. The primary elements of FAML's compliance program are the creation, implementation, and ongoing maintenance of documented policies and procedures that endeavor to accurately reflect the operations of the business and to detect and prevent violations of applicable law. FAML's Chief Compliance Officer, with the support of FAML's staff, oversees the administration of the compliance program.

**Class Action Procedures:**

From time to time, clients may be eligible to assert claims against third parties relating to securities held in the client's account. A court may issue a written notice (a "claim eligibility notice") stating that a client may be entitled to submit a proof of claim seeking a share of any proceeds that may become payable as a result of a shareholder class action relating to securities held in the account.

Although FAML has no specific obligation to process any proof of claim, to the extent that information is available to us, as a courtesy and if requested to do so, FAML will provide to the client certain documents or information to assist the client in processing such notices.

**11. B.**

**Reports for Accounts**

Clients are provided with transaction confirmation notices and regular summary account statements from the custodian for the accounts that detail all cash and asset transactions. Foothills Asset Management, Ltd. provides detailed reports to clients at least quarterly including analysis of all assets under management and all transactions that occurred during the accounting period, such as dividend and interest receipts and additions to and withdrawals from the account.

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<b>12. A and 12. B</b>	<p style="text-align: center;"><b>Investment or Brokerage Discretion</b></p> <p>Foothills Asset Management, Ltd. has discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of those securities. In some cases, discretion may be limited by the client's investment policy guidelines agreed to by both the client and FAML. Each account is managed individually in accordance with its limitations. While most accounts have no limitations, FAML will take into consideration any client request that may impose reasonable limitations on certain investments.</p> <p>Foothills Asset Management, Ltd. is independently owned and operated and not affiliated with any broker-dealer.</p> <p>Unless FAML receives specific directions from a client regarding the placement of brokerage business, Foothills Asset Management, Ltd. makes the selection of the brokers and dealers used to effect client transactions. FAML, in good faith, always seeks to obtain the best execution available for its clients. In general, to seek best execution means to use reasonable diligence in seeking the most favorable execution in terms that are reasonably available in the specific circumstances of each trade, so that a client's total costs or proceeds in each transaction are the most favorable under the prevailing market conditions. FAML generally will seek competitive commission rates, but will not necessarily attempt to obtain the lowest possible commission for transactions. Selection is based upon a number of factors, including reasonableness of rates, broker's ability to obtain a favorable price, broker's reputation, integrity, trading expertise and responsiveness, receipt of research and the availability of economic and market data. FAML conducts periodic evaluations of broker quality and other considerations affecting best execution.</p> <p>Consistent with the provisions of Section 28(e) of The Securities and Exchange Act of 1934, as amended, Foothills Asset Management, Ltd. may direct execution of trades to certain brokers in recognition of their furnishing investment research and brokerage services. Not all research and brokerage services obtained from brokers may be relevant to the management of a specific client account, and a client may pay commissions to a broker providing services that are not used directly in the management of such client's account. However, clients may benefit from research and brokerage services obtained from brokers to whom such clients pay little or no commissions.</p> <p>Each client's custodian relationship will influence FAML's selection of broker-dealers for securities transactions. Clients must initially select an asset custodian that will provide the client with at least quarterly reports on transactions and holdings.</p> <p>Based on the size of a client's account, FAML will recommend Charles Schwab &amp; Co., Inc. as an account custodian, or other bank and brokerage relationships as appropriate. Charles Schwab &amp; Co., Inc. does not charge custodial fees and is compensated by accountholders through commissions or other transaction-related fees for securities trades that are executed through the broker.</p>
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**12.A  
and  
12.B  
(Continued)**

Clients who select Charles Schwab & Co., Inc. as a broker-custodian, however, should recognize that FAML typically effects all client securities transactions within such accounts at Charles Schwab & Co., Inc. While Schwab does not charge custodial fees, it will assess a “trade away settlement fee” on any account transaction executed through a third party broker-dealer. FAML has typically determined that any execution cost savings that may be achieved by trading through third party brokers would be outweighed by the Schwab trade away fees. Therefore, while FAML retains the discretion to execute transactions through other broker-dealers as appropriate, FAML generally executes all transactions for client accounts custodied at Charles Schwab & Co., Inc. through Schwab as the broker.

FAML’s best execution considerations evaluate Charles Schwab & Co., Inc. along with other similar custodial brokers in determining a recommendation to clients for custodial services.

As described, other clients (often FAML’s larger client accounts) may be custodied through banking or institutional custodial broker relationships. These clients typically pay a custodial fee but not a “trade away settlement fee” and FAML may exercise its discretion to execute transactions in such accounts through other third party broker-dealers.

Foothills Asset Management, Ltd. seeks to aggregate client transactions when possible to achieve volume discounts and allocates block transactions on an average share price. Transactions, for example, may be aggregated when FAML makes a decision to buy or sell the same security across multiple client accounts at or near the same time. As a result of the varying custodial relationships of FAML’s clients, however, FAML trades client accounts through different brokers that cannot be aggregated. Clients that have different custodians and whose trades are not aggregated will typically receive different pricing on the same security. For similarly managed accounts, FAML processes trades among these different relationships on a rotational basis to objectively treat client relationships fairly.

In the event that a client directs Foothills Asset Management, Ltd. to use a particular broker-dealer, it should be understood that under those circumstances, Foothills Asset Management, Ltd. will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to other clients.

Foothills Asset Management, Ltd. does not maintain agreements with particular brokers regarding the internal allocation of brokerage transactions. However, all or a sizable portion of a particular client’s brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated. In directing use of brokers, the client must recognize that FAML may not have the ability to negotiate commissions, that volume discounts or best execution may not be achieved, and that a discrepancy in commission charges may exist among clients. Although such commissions may appear to indirectly compensate brokers for client referrals, all other criteria for broker selection previously discussed must apply.

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<b>12.A And 12.B (Continued)</b>	<p>When trading client accounts, errors may happen periodically. When this occurs, FAML may place a correcting trade with the broker. If an investment gain results from the correcting trade, the gain will remain in the client's account, unless the same error involved other client account(s) that should have received the gain, or it is not permissible for the client to retain the gain, or unless we confer with the client and the client decides to forgo the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab &amp; Co. is the broker/custodian, Schwab will donate the amount of any gain of \$100 and over to charity. If a loss occurs greater than \$100, FAML will pay for the loss to make the client whole. If Schwab is the broker, Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade error result in both gains and losses in the account, they may be netted.</p> <p><b>Implied Direction of Brokerage by Wrap Fee Program Clients:</b> Wrap fee program clients generally pay the program sponsor a single fee, or wrap fee, that is intended to cover all costs, including trading costs. Clients therefore generally expect the sponsor (or the broker it designates) to execute all wrap trades, using a portion of the wrap fee to pay all brokerage commissions. Typically, no portion of the fee is available to pay a broker other than the sponsor for executing trades, and as a result, the use of another broker would generally impose an additional cost to the client. Thus, the decision to participate in a wrap fee program is effectively a decision to direct all brokerage for the account to the sponsor (or the broker it designates). Because FAML cannot use a broker other than the sponsor to execute the wrap fee trades, wrap fee clients should understand that trades may not always receive best execution.</p>
<b>13. A</b>	<p style="text-align: center;"><b>Additional Benefits</b></p> <p>Foothills Asset Management, Ltd. participates in the Schwab Institutional (SI) services program offered to independent investment advisors by Charles Schwab &amp; Co., Inc. SI makes available to FAML other products and services that benefit FAML in managing and administering the client accounts. These other products include software and other technology that provide access to client account data, facilitate trade execution (and allocation of aggregated trade orders for multiple accounts), provides research, pricing information and other market data, facilitate payment of FAML's management fees from client accounts and assist with back office functions, recordkeeping and client reporting. Additional services are also provided to assist FAML in managing and developing its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, regulatory compliance and marketing. SI may discount fees to FAML that it would otherwise charge for some of these services.</p>



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As a fiduciary FAML makes every effort to act in its clients' best interests. FAML's recommendation that clients maintain their assets in accounts with a particular broker-dealer, acting as custodian, may be based in part on the benefit to FAML of the availability of some of the above-named products and services and not solely on the nature, cost or quality of custody and brokerage services.

### **Proxy Voting Policy**

Under rule 206(4)-6, it is a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of section 206-(4) of the Investment Advisers Act of 1940 for an investment advisor to exercise voting authority with respect to client securities, unless (i) the advisor had adopted and implemented written policies and procedures that are reasonably designed to ensure that the advisor votes proxies in the best interest of its clients, (ii) the advisor describes its proxy voting procedures to its clients and provides copies on request, and (iii) the advisor discloses to clients how they may obtain information on how the advisor voted their proxies.

Because Foothills Assets Management, Ltd. operates in a fiduciary capacity for the client accounts it manages, we owe a duty of good faith, loyalty, and full disclosure to our clients. Accordingly, we must vote proxies in a manner consistent with the best interests of our clients.

When voting proxies, the advisor adopts the following policies and procedures:

At the time of entering into an agreement with Foothills Asset Management, Ltd., the client shall make an election as to whether they will grant authority to the advisor to receive all shareholder communication and vote all proxies relating to securities held in the account or whether the client will reserve the right to receive shareholder communication and vote proxies as the shareholder of record.

Advisor will not ignore or be negligent in fulfilling its obligation to vote proxies as authorized by the client, except in such instances when it is not in the client's best interest, such as when the advisor determines that the cost of voting the proxy exceeds the benefit to the client.

Foothills Asset Management, Ltd. entered into an agreement with RiskMetrics for their "Governance Analytics" proxy research services and to act as an independent voting agent to ensure that voting procedures are carried out and documented.

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Custodians for client accounts send proxy materials to RiskMetrics for review. RiskMetrics votes proxies for all accounts at the same broker/custodian on an aggregated basis. After an analysis of the topics, RiskMetrics forwards its recommendations to Foothills Asset Management, Ltd. for review. Once the recommendations have been reviewed, a determination will be made to either override the recommendation or agree to vote as advised. Generally, Foothills Asset Management, Ltd. votes with the recommendations made by RiskMetrics. Exceptions may exist when the vote concerns issues that are unique or non-routine. Keith Wibel, CFA and President of Foothills Asset Management, Ltd. will make all proxy voting decisions.

In certain situations if the advisor deems that a material conflict of interest may exist, advisor will disclose the conflict to the client and obtain client consent before voting. Advisor will provide the client with sufficient information regarding the shareholder vote and the advisor's conflict so that client may make an informed decision whether or not to consent. In the absence of client disclosure and consent, advisor will document the process used in the decision to vote proxies based on the client's best interest and not as a product of the conflict or follow RiskMetrics recommendations.

All copies of proxy statements and records of votes cast, records of all communications received and all documents created that were material to the voting decision and a record of each client's written request for proxy voting records and the advisor's written response to requests will be maintained in an easily accessible place for five years or other such time period as set forth under Rule 204(2). RiskMetrics will make readily available to Advisor copies of all documents relating to proxy statements and records of votes cast.

Advisor will not publicly disclose how it voted on any security. Clients may obtain information on how the advisor voted by requesting in writing such information from the advisor. Advisor will promptly disclose to the client so requesting all material information relating to the issues voted.

### **Privacy Policy**

Foothills Asset Management, Ltd. has adopted policies and procedures reasonable designed to ensure the security and confidentiality of its clients' records and information. Every effort is made to protect client information against hazards or threats to the security or integrity of its client records and information and to protect against unauthorized access to or use of its clients' records or information that could result in substantial harm or inconvenience to any client.

FAML does not disclose any personal financial information about its clients except as required by law. FAML restricts access to personal financial information to those employees who need to know that information in order to provide investment advisory services. Foothills Asset Management, Ltd. will adhere to its privacy policy for current and former clients.