

Associated Investment Services, Inc.
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Form ADV, Part II, Schedule H
Portfolio Choice Wrap Fee Brochure

This brochure provides clients with information about Associated Investment Services, Inc. and the *Portfolio Choice Program* that should be considered before becoming a client of the *Portfolio Choice Program*. This information has not been approved or verified by a governmental authority.

August 2010

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About our Company

Associated Investment Services, Inc. ("Firm", "AIS", "we"), a wholly-owned non-bank affiliate of Associated Banc-Corp ("Associated"), a Bank Holding Company, is registered with the Securities and Exchange Commission ("SEC") and many states as a broker-dealer, and for several years until July 2010 with the states of Wisconsin, Illinois and Minnesota (where it does business as Associated Investment Services Group) as an investment adviser. Effective July 2010, AIS became registered with the SEC as an investment adviser.

AIS is a member firm of the Financial Industry Regulatory Association (FINRA), formerly known as the National Association of Securities Dealers (NASD). As a broker-dealer, the Firm is compensated mainly through commissions on transactions. The majority of each business day for AIS is devoted to broker/dealer activities and certain other investment and insurance activities described below.

AIS provides a broad array of financial services in addition to providing investment advice. Dating back to 1923, AIS has offered traditional stock and bond brokerage recommendations and trade execution. Over the years, the product line has been expanded to include third-party mutual funds, equity options, variable annuities and variable life insurance, and related services such as margin account activity. In addition, AIS licensed investment adviser representatives ("Financial Consultants") who are appropriately licensed provide clients with various insurance products suited to their financial and risk-management needs, including fixed annuities, Long Term Care insurance, and traditional life insurance. Although the range of financial products and services provided by AIS has grown over the years, its primary, core business is that of an introducing broker-dealer receiving compensation from transaction commissions.

Introduction

We want clients to understand the role of AIS in their advisory account and to understand how their account works. The summary that follows is intended to help provide clients with that understanding, to describe the advisory program AIS sponsors and services as the sole investment adviser (see below, *Portfolio Choice Program*), and to generally describe AIS' business, business relationships and the Financial Consultants providing advisory services.

AIS Financial Consultants are dedicated to providing clients with ongoing service, through periodic account reviews. In addition, account reviews may be appropriate when there is a significant change in the client's personal or financial circumstances. AIS Financial Consultants are readily available and look forward to answering any questions or resolving uncertainties clients may have about their accounts. However, if clients are at any point unsatisfied or have further questions, concerns or complaints, they can contact AIS at P. O. Box 640, Green Bay, WI 54305-0640, or by phone at 1-800-595-7722. Any such inquiry will be referred to the department or supervisor who can best assist the client.

AIS Advisory Services

A significant portion of AIS' advisory accounts and services are offered and maintained in conjunction with Lockwood Advisors, Inc. ("Lockwood"), a third-party investment adviser registered with the SEC that sponsors and operates multiple wrap fee and advisory programs offered by AIS. Those programs, which are not the subject of this brochure, are described in the applicable disclosure documents of Lockwood and AIS, respectively Lockwood's Form ADV, Part II, Schedule H and AIS' Form ADV, Part II, to which clients and prospective clients should refer for complete information. In the programs sponsored by Lockwood, AIS and its Financial Consultants typically and primarily work with clients to select the appropriate type of advisory account and then to select one or more appropriate model portfolios or Portfolio Managers Lockwood has included in the chosen program.

AIS also services *Portfolio Choice Program* advisory accounts, for which there is no third-party investment adviser sponsor. The *Portfolio Choice Program* is the advisory relationship covered by this brochure and is described in greater detail in the sections that follow.

Portfolio Choice Program

- General Information

Commencing in the third-quarter of 2007 AIS began offering the *Portfolio Choice Program* ("Program") as an advisory account. The Program was derived largely from the Portfolio Navigator account previously offered by AIS, which was a fee-based brokerage account alternative to a standard commission brokerage account.

Account owners may include individuals, trusts, estates, charitable organizations, corporations or other business entities. However, AIS no longer offers the Program to new accounts or new clients.

For accounts remaining in the Program, it operates as an advisory account for which the client compensates AIS for advice provided by the Financial Consultant specific to the client, and, for trade execution services provided through AIS' relationship with its clearing firm, Pershing, LLC ("Pershing"). The Program is subject to terms and conditions as described in the Investment Advisory Agreement between the client and AIS and as described below.

- Description of the Program, Operational Matters, Terms and Conditions

For Program accounts AIS provides securities transaction services through its Financial Consultants, including an initial review of the client's financial circumstances; recommendations of securities purchases and sales believed to be suitable for and in the best interests of client, relative to client's financial circumstances, investment objective(s), investment time horizon, and other factors, if applicable; and, account reviews which will be conducted not less frequently than annually.

Program accounts are advisory accounts, not a brokerage accounts, because each client agrees to pay for services on the basis of assets held in the account, as opposed to paying commissions on a per trade basis. However, Program accounts are non-discretionary, meaning that AIS and its Financial Consultants are without authority to direct the accounts without prior consultation with clients. Clients are entitled to impose restrictions on their accounts and the types of investments they make through the Program and may do so by informing AIS or their Financial Consultant.

Investments in Program accounts may include equity securities (whether traded on an exchange or over-the-counter, including those issued by foreign companies), corporate debt securities, certificates of deposit, municipal securities, investment company securities (e.g., mutual fund shares), United States government securities and options on securities. Regardless of the securities invested in an account, purchase or sale recommendations of the AIS Financial Consultant will be executed only upon client consent or authorization. In some cases, recommendations may include account rebalancing transactions.

Strategies employed in Program accounts usually include long term purchases (i.e., securities held at least one year), but also may include, short term purchases (sold within a year), margin transactions and option writing.

Financial Consultants typically analyze securities using fundamental analysis. Securities are therefore usually considered based upon their values relative to growth rates; economic, industry and sector data; and, company-specific or fund-specific information, rather than technical or other types of analysis or timing strategies.

AIS does not monitor or measure ongoing performance of Program accounts or the recommendations of its Financial Consultants.

AIS has a contractual relationship with Pershing, a division of the Bank of New York, under which Pershing or an affiliate will provide services for the Program and each account, including transaction executions, periodic statements, and other record keeping. AIS recommends, and client agrees and consents, that all transactions in the account will be transmitted by AIS to Pershing for execution, consistent with Pershing's usual and customary order routing practices. AIS will compensate Pershing for any and all of its services and the fees paid by client will strictly be charged as set forth

As part of its contractual relationship with AIS, Pershing or an affiliate will provide client with quarterly statements showing positions, activities, contributions, and fees deducted from the account, which will be provided by the custodian of the account. Clients who do not elect to suppress trade confirmations for individual securities trades in their accounts, will receive a copy of such trade confirmations. Investment performance reporting for the account can be provided by the client's Financial Consultant on request; however, AIS does not regularly or routinely review periodic account statements from Pershing to clients or verify the accuracy of performance details therein.

Investments in the Program will be delivered to Pershing, a qualified custodian and broker-dealer, which will retain custody thereof according to its usual and customary practices.

Clients AIS will be expected to inform their Financial Consultant on a timely basis whenever their investment objectives, financial, tax or family circumstances materially change so that a review of their account and possible changes can be considered and implemented as then appropriate. Clients will also be expected to meet with their AIS Financial Consultant not less frequently than annually to review their accounts.

Accounts will be reviewed at least annually by the Financial Consultant. Account activity will be monitored by the Financial Consultants' supervisor who oversees the work of the Financial Consultant. Accounts may be reviewed more frequently, upon request of the client at any time or whenever the client informs AIS or the Financial Consultant of a material change to the investment objectives or other circumstances of the client.

An account (or Account Group as described in the Program's Investment Advisory Agreement) that has an excess number of asset transfers or an excessive number of trades or that engages in excessive trading activity, each as determined by AIS in its sole discretion, may be subject to additional charges AIS may assess on a case-by-case basis, and/or termination from the Program pursuant to the terms of the Investment Advisory Agreement.

The account minimum for the Program has been \$50,000.

- Program Fees, Other Charges

Fees are payable quarterly in advance, with a minimum annual fee of \$750, subject to the following rates for account assets:

Fee Table	Annual Program Fee Rates			
Eligible Assets by Category	Equity Assets	Mutual Fund Assets	Fixed Income & Cash Assets	Precious Metals, Other & Misc.
\$50,000-\$150,000	1.50%	1.50%	1.00%	1.50%
Next \$100,000	1.25%	1.25%	0.85%	1.25%
Next \$250,000	1.00%	1.00%	0.70%	1.00%
Amount Exceeding \$500,000	0.75%	0.75%	0.60%	0.75%

Discounting may be available, subject to senior management approval. Clients may receive a refund of pre-paid fees and terminate their Program account relationship as described in the Investment Advisory Agreement. Multiple Program accounts of the same client may be included in a single Account Group for purposes of determining assets and fees under the above schedule, subject to terms more fully described in the Investment Advisory Agreement for the Program.

Fees are paid every calendar quarter in advance, based on the value of assets in the account on the average of the last business days of the prior three month-ends, and are due within the

first five (5) business days of the calendar quarter. If data for the prior three month-ends are not available, the most recent month-end data will be used.

Clients authorize AIS to receive fees through a debit to their account performed by Pershing or an affiliate. Fee payments will be reflected on account statements sent to clients.

The Program Fees do not include fees that may be required by law or fees for products and services relating to the account that are not part of the Program. To the extent that client utilizes such products or services, AIS, its affiliates and employees may receive additional compensation.

There will be no termination fee if an account has paid at least \$750 in fees year-to-date. If an account has not paid at least \$750 in fees year-to-date, then the account will be charged the difference of \$750 and fees paid year-to-date at the time the Program account is terminated.

For the purpose of computing the Program Fee, the value of Eligible Assets shall be their fair market value as of the close of business on the valuation date, as determined by such pricing services as are used by Pershing in its usual and customary practices. Any such valuation is not and should not be considered a guarantee of any kind with respect to the value of assets. Pershing and AIS will use statement values of the settlement date positions in the Program when determining the Program Fee. Short market positions in Eligible Assets will be valued by determining the equivalent long market position (for instance, the number of shares sold short and the price per share). The Program Fee will be based on the value of Eligible Assets, including any Eligible Assets purchased on margin. Interest on any margin debt incurred by client is in addition to the Program Fee.

AIS and its affiliates may receive shareholder servicing and other fees from mutual funds that are included in the Schedule of Eligible Assets, and/or their affiliates, in connection with Mutual Fund Assets held in an account or Account Group. Expenses related to such fees may be borne indirectly by client, as an investor in such mutual funds.

Mutual funds charge advisory fees and incur expenses that are charged to the funds and their shareholders; such fees and expenses are separate from and are not included in the Program. Likewise, clients trading equity or debt securities in a Program account will receive securities pricing reflecting Pershing's mark-up or mark-down or its execution of trades as a principal or in a market making capacity.

- Factors to Consider

When determining whether a Program account is appropriate for their needs, clients should know that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when there is more trading activity, such as the year an account is established or at times when portfolios are rebalanced. However, during periods when there is less trading activity, fee based accounts like the Program may result in higher annual costs. Depending on factors such as account size, frequency of trading, types and amounts of

securities bought or sold, commission rates and the client's tax situation, the total cost for transactions in a fee based account may be more or less than in a traditional brokerage account and can vary significantly.

In determining whether the Program is appropriate, clients should consider carefully all relevant factors, which may include their past and anticipated trading practices and holdings of Eligible Assets, the costs and potential benefits of the Program as compared to a non-advisory brokerage account in which commissions would be paid on a per trade basis, and their investment objectives and goals. If a client intends to make no trades, or only a very limited number of trades, client should re-evaluate periodically whether the ongoing use of the Program is appropriate under their circumstances then prevailing. Total costs of the Program may be more or less than that of a commissioned-based brokerage account.

Certain mutual funds available for purchase through the Program are offered generally to the public without a sales charge, so payment of the Program Fee for such mutual fund assets may be avoided through share purchases directly from the mutual fund company issuing them, or its distributor. For investments that are offered generally to the public with a sales charge, the prevailing sales charge (as disclosed in the applicable prospectus or other offering document) may be more or less than the applicable Program Fee. Therefore, clients should consider whether it would be more desirable to purchase and hold such investments on a sales charge basis.

Mutual funds that may be investments in a Program account may also impose a redemption charge to cover administrative expenses associated with the redemption.

Financial Consultants, Compensation, Client Relationship

A portion of the total fee paid for a Program account is paid by AIS to the Financial Consultant working with the client and providing investment services to the account. Such compensation to the Financial Consultant is dependent on certain factors within the compensation plan applicable to AIS within the structure of Associated Banc-Corp. Compensation to a Financial Consultant for a Program account may be more or less than would be derived from a commission based account and the Financial Consultant may therefore have a financial incentive to recommend the Program over other services or types of accounts.

Generally, AIS requires those involved in providing advisory services to clients to be college or university graduates, with a business or other appropriate degree, and to have several years experience in securities sales and service or comparable experience in other closely related financial services.

Clients having Program accounts often are existing clients of AIS' Registered Representatives or have been introduced to Financial Consultants by outside means, individuals or circumstances independent of AIS, or through relationships clients may have with affiliates of AIS. AIS typically will not recommend or replace a client's Financial Consultant unless the Financial Consultant leaves the Firm; however, AIS will make every effort to honor a client's request, if

one is made for a different Financial Consultant. Financial Consultants are evaluated by AIS management based upon a variety of factors and subject to guidance from Associated's Human Resources Department.

Since the Program does not involve a third-party portfolio manager, information about clients is retained by the Financial Consultant and AIS as necessary and appropriate to provide investment services, rather than being sent to such a portfolio manager. Client information is delivered to Pershing consistent with its requirements and as appropriate for Pershing to provide trade executions, confirmations, statements, tax and other account reporting, and other account services. Account records are updated by AIS or its Financial Consultants based upon pertinent information supplied by the client.

Clients are encouraged to contact their Financial Consultant and are free to do so, generally during customary business hours. Clients in any advisory program offered by AIS will be expected to inform their Financial Consultant on a timely basis whenever their investment objectives, financial, tax or family circumstances materially change so that a review of their account and possible changes can be considered and implemented as then appropriate. Clients will also be expected to meet with their AIS Financial Consultant not less frequently than annually to review their accounts.

Management and Supervision

The group of individuals who determine the general parameters of investment advice and services provided by Financial Consultants, review Program accounts and supervise the activities of Financial Consultants are as follows:

Mark James McMullen

Born 1948

Educational Background: BA, Marquette University, 1970

Business Background: Chairman, CEO of Associated Trust Company; Chairman, Associated Investment Services, Inc.; Executive Vice President, Director, Wealth Management, Associated Banc-Corp; Managing Agent, 1998-2001, Manager 2001-Present, Associated Investment Management, LLC; Manager, Kellogg Asset Management, LLC, 2009-Present

Curtis John Fuszard

Born 1954

Educational Background: BBA, University of Wisconsin, Madison, 1976

MBA, Southern Illinois University, Edwardsville, 1979

Business Background: President & CEO, Associated Investment Services, Inc., 1994-Present

John David Savoie

Born 1968

Educational Background: BA, University of St. Thomas, St. Paul, 1990

Business Background: Regional Sales Manager, Associated Investment Services, Inc., 2008-Present; Employee Benefits Consultant, Associated Financial Group, LLC, 2006-2008; Director, Field Implementation, Ameriprise Financial, 1996-2006

Gregory Scott Palmer

Born 1961

Educational Background: BA, University of California at Santa Barbara, 1983

Business Background: Regional Sales Manager, Associated Investment Services, Inc., 2004-Present; State Sales Manager, TCF Investments and Insurance Group, 1998-2004

Brian John McAleavey

Born 1959

Educational Background: Associate Degree, University of Milwaukee, Waukesha County Technical College 1981

Business Background: Regional Sales Manager, Associated Investment Services, Inc., 1983-Present

Patrick Allen Richard

Born 1958

Educational Background: BA, University of Minnesota, Minneapolis, 1981

Business Background: Regional Sales Manager, Associated Investment Services, Inc., 2007-Present; Senior VP, Director of Brokerage Services, Bremer Financial Services, 2003-2006; Regional Sales Manager, Wells Fargo, 2000-2003

Additional Information about Associated, AIS and its Practices

AIS, Associated Bank, N.A. (“the Bank”), a banking subsidiary of Associated Banc-Corp (“AB-C”), and Associated Financial Group, LLC (“AFG”), an insurance general agency, are all affiliates and under common control of AB-C, which is a Bank Holding Company. AIS has entered into agreements with the Bank whereby AIS provides its brokerage and advisory services to Bank customers and others on and through Bank offices and premises. AIS Financial Consultants are licensed as insurance agents with AFG, with which AIS has entered into agreements for sales and service of insurance products, also on and through Bank premises. The Bank and AB-C provide certain administrative and operational support services to AIS that may be material to AIS’s advisory business.

As a general matter, AIS does not effect securities transactions for advisory clients for separate compensation. Certain advisory clients may also have separate non-advisory brokerage relationships with AIS pursuant to which AIS Financial Consultants recommend securities transactions which if executed, result in transaction compensation for AIS and the Financial

Consultant. With respect to advisory clients in the *Portfolio Choice Program*, no separate transaction-based compensation is paid; rather AIS's annual fee pays for both investment advice and trade execution.

As suitable for certain advisory clients, AIS and its Financial Consultants, in their capacity as licensed insurance agents or generally as colleagues within the corporate structure of Associated Banc-Corp, may recommend investment, trust, and insurance products offered through AIS affiliates (the Bank, Associated Trust Company, N.A., and AFG respectively) in which those affiliates have a financial interest. However, such recommendations will not generate additional advisory account fees and customer decisions as to the purchase of any such investments or services will be independent of their participation in an advisory account.

AIS does not trade for its own account. AIS employees are permitted to engage in personal securities transactions involving securities that may be recommended for advisory client accounts. Such transactions are subject to the requirements of the Code of Ethics described below.

All AIS employees are subject to the Code of Conduct of Associated Banc-Corp ("AB-C"), which includes provisions reasonably designed to prevent conflicts of interest, insider trading, and other inappropriate activity that might breach the fiduciary duty of the Firm and its Financial Consultants to advisory clients.

AIS has adopted and will maintain and enforce a Code of Ethics which sets forth the standards of conduct expected of employees and requires compliance with the federal securities laws and the Adviser's fiduciary duties, including the duties to put client interests first at all times and to maintain the confidentiality of client information. The Code also addresses the personal securities trading activities of all employees in an effort to detect and prevent illegal or improper personal securities transactions and requires initial and annual holdings reports as well as quarterly personal securities transaction reports. To mitigate the potential for conflicts of interest, the Code contains a number of restrictions related to the activities of employees and AIS has adopted policies including limits on the provision and receipt of gifts or entertainment and limits on outside activities. Finally, the Code provides that all employees are to certify their compliance with the Code on an ongoing basis. A copy of the Code is available upon written request to AIS at P. O. Box 640, Green Bay, WI 54305-0640, or by telephone request to AIS at 1-800-595-7722

AIS Financial Consultants may also offer traditional brokerage services to advisory clients and may recommend AIS as an introducing broker-dealer for advisory clients' securities brokerage needs, and, Pershing, LLC ("Pershing") as the clearing firm for such business. In the *Portfolio Choice Program*, all accounts utilize the services of Pershing, as the clearing broker-dealer, as recommended by the AIS Financial Consultant and set forth in the agreement signed by the customer at the time such an account is opened.

AIS participates in a corporate-wide referral program, as an affiliate of Associated Banc-Corp ("AB-C"). Employees of other AB-C affiliates who refer clients to AIS may be eligible to receive nominal compensation for their referral activity.

Business Continuity (Disaster Recovery) Plan. As an affiliate of Associated Banc-Corp, AIS and the locations from which it conducts advisory business are covered by the Company's corporate-wide approach to business continuity and resumption planning. While details of business continuity plans will not be provided to clients, AIS and the Business Resumption Steering Committee of Associated Banc-Corp have taken appropriate steps to provide for the reestablishment of AIS' capabilities to provide investment advisory services, in the event of a business disruption event. All trading and investment advisory personnel have the capability to relocate to other facilities and to resume investment advisory services for clients after reasonably short delays, in the event the location from which they normally provide such services suffers a significant disruption.

Privacy Policy and Practices and Regulation S-P. AIS is an affiliate of Associated Banc-Corp and is subject and adheres to its Privacy Policy and Practices. Pursuant thereto, and in accord with the SEC's Regulation S-P, AIS will not disclose the non-public personal or financial information of a client to any non-affiliated third-party, except as necessary to establish and manage the client's account or as required by law. The general policy of Associated Banc-Corp and AIS is to restrict access to the non-public personal and financial information of clients to those employees who need to know such information in order to provide products and services to clients.

Clients are provided with a copy of the Privacy Policy and Practices at the time an account is opened and annually thereafter. Clients may obtain a current copy of the Privacy Policy and Practices by sending a written request to AIS at P. O. Box 640, Green Bay, WI 54301.

A copy of this brochure is available at any time upon request. It is also offered annually to all Portfolio Choice clients.

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