

Baker Jensen Investment Advisors, LLC

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This brochure provides information about the qualifications and business practices of Baker Jensen Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (949) 481-1805 and/or rick@bakerjensen.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Baker Jensen Investment Advisors is a Registered Investment Advisor with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about Baker Jensen Investment Advisors is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This document represents the first disclosure brochure (Form ADV Part 2A) provided to clients and prospective clients in this format. The format has a different layout than our previous Brochure, including certain new information that was not previously required. There are no material changes to the business or operation of Baker Jensen Investment Advisors, LLC in this version of the Brochure.

This year and in the past we have offered or delivered to clients a copy of Baker Jensen's disclosure brochure that includes our qualifications and business practices on at least an annual basis. In the future, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our December fiscal year. We may provide other ongoing disclosure information about material changes as necessary. These summaries will be provided to you free of charge.

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Item 4: Advisory Business

Baker Jensen Investment Advisors, LLC (“BJIA” or “Advisor”) is an investment advisor providing investment advice and financial planning services to individuals, pension and profit sharing plans, trusts, estates and charitable organizations, corporations or other businesses. BJIA’s goal is to help its clients invest their assets in the market and to develop portfolios that are customized to the client’s risk tolerance and investment time horizon.

Principal Owners (“Managing Members” or “Managing Directors”)

BJIA was founded in 1996 and is organized as a limited liability company in the State of California. Richard Jensen and Guy Baker are the managing members/directors of BJIA.

Types of Services

BJIA offers the following types of advisory services: discretionary asset management, third party asset management, and financial planning services.

- **Asset Management/Portfolio Management:** BJIA offers discretionary asset management under a service called Risk Optimize Portfolio Management (“Portfolio Management”). BJIA gathers information about its clients through personal consultations and documents that are completed by the client, including a Risk Tolerance Questionnaire. BJIA analyzes the client’s financial situation, investment objectives and risk tolerance, and then recommends one of five standardized portfolios. Each portfolio has a specific investment objective, time horizon, risk tolerance and performance expectation. The asset allocation and types of securities varies among the portfolios based on these criteria. The portfolios generally contain no-load mutual funds; however, a portfolio may include other assets. BJIA may also recommend any other products which it determines are appropriate in order to address the individualized needs, goals, and objectives of the client. The client will have a direct and beneficial interest in his securities, rather than an undivided interest in a pool of securities.
- **Third Party Asset Management:** BJIA may enter into an agreement with a third-party to manage a client’s separate account(s). Under these agreements, BJIA shares the client’s advisory fee with the third-party manager who will provide portfolio consulting to build, monitor and rebalance customized portfolios. Any third-party managers to whom BJIA refers clients are licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission (“SEC”).
- **Financial Planning:** General financial planning involves data gathering and goal setting; reviewing current and anticipated assets and liabilities such as insurance, savings, investments, and anticipated retirement or other employee benefits; creating a cash flow analysis; and finally developing a plan based on a computer model that incorporates the Advisor’s recommendations for a course of activity or specific actions that the client should take. For example, an advisory associate may recommend that the client obtain insurance or revise existing insurance coverage, establish an individual retirement account, increase or decrease

estate plans, and/or refer the client to an accountant or attorney. Financial plan recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

BJIA may recommend the services of itself and/or other professionals to implement its recommendations. Clients should be aware that a conflict of interest exists if BJIA recommends its own services. The Advisor or its advisory associates may receive compensation for financial planning, providing investment management services, and/or the sale of insurance and other products and services. BJIA does not make any representation that these products and services are offered at the lowest available cost and the client may be able to obtain the same products or services at a lower cost from other providers. However, clients are under no obligation to act upon any of the recommendations made by the Advisor under a financial planning engagement and/or engage the services of BJIA or any other recommended professional.

Note: BJIA relies on the information it gathers from the client or from the client's other professionals (e.g., attorney, accountant) and does not independently verify any of the information. Furthermore, every client should promptly notify BJIA if there is ever any change in his or her financial situation (e.g., financial needs, objectives, net worth, income, investments held at other firms, or any other information that might affect the client's financial condition) for the purpose of reviewing, evaluating, or revising the Advisor's previous recommendations and/or services.

Assets Under Management

As of the date of this Brochure, BJIA has \$39,525,179 assets under management: \$38,703,461 on a discretionary basis and \$821,718 on a non-discretionary basis.

Item 5: Fees and Compensation

BJIA Financial Services charges fees for its advisory services based on a percentage of assets under management ("AUM"), hourly rates, or fixed fees.

Fee Schedule

Portfolio Management Fees: BJIA charges an annual fee for investment management services as a percentage of assets under management. Fees are negotiable but are generally charged according to the fee schedule below:

<u>Portfolio Size</u>	<u>Annual Fee</u>
First \$250,000	1.25%
\$250,001 - \$500,000	1.00%
\$500,001 and above	.75%

For example, if an account has a value of \$400,000 at the end of a quarter, the quarterly fee will be calculated as follows:

$$[(250,000 \times .0125) + (150,000 \times .01)] \times [\# \text{ of days in the quarter} / \# \text{ of days in the year}]$$

$$\text{or } [\$3,125 + \$1,500] \times [91 / 365] = \$1,153.08 \text{ (assuming a 91 day quarter)}$$

Advisory clients should note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

Third Party Asset Management: Fees are computed as a percentage of assets under management. Fees may be negotiable with approval of the Managing Directors of the firm. The following is a representative sliding scale, but actual fees do vary depending on the asset and manager selection.

<u>Portfolio Size</u>	<u>BJIA Annual %</u>	<u>Separate Accounts %</u>
Up to \$1,000,000	1.00%	.90%
\$1,000,001 - \$2,000,000	.80%	.75%
\$2,000,001 - \$3,000,000	.60%	.70%
\$3,000,001 - \$4,000,000	.40%	.60%

Financial Planning / Consulting Services: BJIA charges an hourly fee for its financial planning, estate planning and retirement planning services. The hourly charge is generally \$150 per hour, but shall not exceed \$250 per hour. The fees are negotiable based on several factors which may include, but are not limited to: the time involved in producing the plan, the complexity of the plan, and the range of services provided. The client and BJIA will agree upon the fee in advance. The minimum fee for consulting or a financial plan is \$250.

Commissions upon implementation of the plan may be in addition to any pre-arranged fee. BJIA may choose to waive some of the fee or the entire fee upon implementation of the plan if the advisory associate is compensated through regular commission payments. BJIA advisory clients will be notified in advance of sources of compensation; however, clients are not obligated to implement the plan through an advisory representative.

Billing Methods and Refunds

Portfolio Management and Third Party Asset Management Fees: Fees are specifically agreed to in a separate written agreement between the client and BJIA. Fees are based on an annual rate, and are calculated and payable quarterly in arrears using account asset values on the last business day of the previous quarter. The values used are the market price at the close of the market on the last business day of March, June, September and December. Prices are provided by the custodian or outside pricing services.

Clients grant BJIA limited authority to receive payments directly from the client's account by signing the Portfolio Management Agreement. This authorizes the custodian holding client funds and securities to deduct BJIA fees directly from client account based upon invoices prepared and submitted by BJIA. The custodian will send a statement directly to the client describing all the amounts disbursed from the account including the amount of advisory fees paid to BJIA.

For any partial quarter, BJIA will prorate the fee based on the number of days BJIA manages the account in that partial quarter. The fee for the partial quarter will be subject to all other terms and conditions as for a full quarter.

Financial Planning / Consulting Services: A minimum of \$200 is due upon entering into a financial planning or consulting agreement, with the balance (based on actual hours or the agreed upon fixed fee) due upon presentation of the plan to the client. Typically, the Advisor will present the report to the client within 60 days of entering into a financial planning or consulting agreement, provided that all information needed for the analysis and preparation of the report has been promptly provided by the client.

Clients and BJIA have the ability to terminate services according to the terms and conditions of a written agreement (see the next section).

Written Agreement

A Portfolio Management client must enter into written agreements ("Portfolio Management Agreement" and "Investment Policy Statement") with BJIA prior to engaging the Advisor to provide advisory services. The written agreements sets forth the terms and conditions under which BJIA will deliver its services including a description of the fees to be paid by the client.

The client or the Advisor may cancel the advisory agreements within five business days after the date when all parties have signed the documents without penalty or obligation. BJIA will refund in full all fees paid by the client if cancelled within this five business day period. After the initial five business day period, either party may terminate the agreements upon five days written notice. BJIA will refund any unearned fees to the client on a pro-rata basis if the client terminates the agreements prior to the end of a quarter.

If a client decides to have a third party manage his or her separate account(s), he or she will enter into an advisory agreement directly with the third-party investment manager of the program selected. The client or the third-party investment manager may terminate the advisory relationship according to the provisions of those agreements. BJIA encourages clients to carefully review the terms set forth in the agreement prior to signing the agreement. BJIA will also prepare and present for client signature a separate written disclosure document that describes the fees clients pay for services, the percentage of the fee paid to each adviser, how the fee is calculated, whether the fee paid to BJIA represents an additional fee the client would not have paid for direct services with the third party adviser, and when the fees are payable.

Other Types of Client Fees and Expenses

BJIA charges Portfolio Management clients a \$25 quarterly administration fee to cover transaction fees and administrative costs. This \$25 administrative fee is billed in advance and will be deducted from the

account at the start of the first full calendar quarter. The administrative fee is not prorated for any partial quarters. If a client requests that BJIA trade his or her account on other than the customary quarterly trade date where all individual client accounts are combined into an omnibus account for efficiency purposes, then BJIA will impose an individual trading fee up to \$1,000 to cover the costs associated with the trades.

In addition to BJIA's annual management fee and \$25 quarterly administration fee, portfolio management clients may also have to pay other costs that unaffiliated third parties charge for their services. These costs include, but are not limited to: custodial fees; brokerage commissions; transaction fees; charges imposed directly by a mutual fund, index fund, or exchange traded fund ("ETF")^{**}; wire transfer fees; and other fees and taxes on brokerage accounts and securities transactions. BJIA does not share in any portion of the brokerage fees/transaction charges imposed by the unaffiliated third party. However, in his capacity as a registered representative of Bennett Ross, Inc., Guy Baker may receive transaction-based compensation.

Clients should review all fees charged by custodians, funds, BJIA, and others to fully understand the total amount of fees that he or she must pay.

^{**} The fees and expenses charged by a mutual fund, index fund or ETF such as fund management fees and fund expenses are described in the fund's prospectus, summary prospectus and/or Product Description. BJIA encourages investors to review these materials thoroughly, and to contact BJIA if questions arise or if requesting additional information.

Compensation for Sale of Securities or Other Products

BJIA is not registered as a broker-dealer, so the firm does not earn commissions, mutual fund 12b-1 fees or other types of compensation based on transactions. However, Guy Baker is also a registered representative with a broker-dealer (Bennett Ross, Inc.) and may receive compensation based on transactions through Bennett Ross. The advisory associates are also independently insurance licensed and may receive commissions in their separate capacities as insurance agents. (Please refer to [Item 10: Other Financial Industry Activities and Affiliations](#).)

Item 6: Performance Fees and Side-by-Side Management

BJIA does not charge fees that are based on a share of the capital gains or capital appreciation of managed securities.

Item 7: Types of Clients

BJIA provides investment management and consulting services to individuals, pension and profit sharing plans, trusts, estates and charitable organizations, corporations or other business entities.

Requirements for Opening or Maintaining an Account

The minimum account size is generally \$100,000. BJIA, at its sole discretion, may accept clients with smaller accounts based on criteria such as the client's potential to increase future earnings and/or

assets, the composition of the client's portfolio, if the client has any related accounts, and if the client and the Advisor have a pre-existing relationship. BJIA may combine the portfolios of family members to meet the minimum account size.

The minimum charge for a financial plan or consulting is \$250.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The Managing Directors of BJIA are responsible for screening, selecting and monitoring investment managers for each asset class. BJIA continuously tracks investment managers and monitors their performance on the basis of the following criteria:

- The manager's specification of and adherence to a clearly articulated and appropriate investment philosophy and process.
- Material changes in the manager's organization and personnel.
- Comparisons of performance results to appropriate indices that take into account asset class and investment style.

The main sources of information BJIA uses to analyze securities are product websites, meetings with product wholesalers, third party research materials (e.g., Morningstar), financial newspapers and magazines, and corporate ratings services.

Investment Strategies

BJIA bases its primary investment strategy on Modern Portfolio Theory which states that owning allocations of different asset classes that don't always move up or down together, is the best way to maximize returns while minimizing risk. BJIA strives to construct efficient portfolios of internationally diversified stock and bond funds.

BJIA recommends one of five standardized portfolios based on the results of the client's risk questionnaire.

- **Stock Portfolio:** Seeks to provide long-term growth of capital with a time frame of over ten years.
- **Aggressive Growth Portfolio:** Seeks to provide long-term growth of capital with a time frame of at least seven years.
- **Growth Portfolio:** Seeks to provide long-term growth of capital with a moderate level of current income with a time frame of five years.
- **Moderate Growth Portfolio:** Seeks to provide long-term growth of capital with current income with a time frame of three to five years.
- **Conservative Growth Portfolio:** Seeks to provide a high level of current income with the opportunity for capital appreciation.

The portfolios are designed to maximize expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return.

Risks

Investing involves risks that clients should understand and be prepared to accept. The risks can range from failing to keep pace with inflation to losing some or all of the money you invest. Common risks that investors face include:

- **Systematic or Market Risk:** Relates to factors that affect the overall economy or securities markets. Market risk affects all companies, regardless of the company's financial condition, management, or capital structure, and, depending on the investment, can involve international as well as domestic factors.
 - **Interest-rate Risk:** The risk that the value of a security will go down because of changes in interest rates. For instance, when interest rates rise, the yields on existing bonds decrease and become less attractive to potential investors, causing their market values to decline.
 - **Inflation Risk:** The risk that increases in the prices of goods and services, and therefore the cost of living, reduce your purchasing power.
 - **Currency Risk:** This risk occurs because many world currencies float against each other. If money needs to be converted to a different currency to make an investment, any change in the exchange rate between that currency and yours can increase or reduce your investment return.
 - **Liquidity Risk:** The risk of having difficulty in liquidating an investment position without taking a significant discount from current market value. Liquidity risk can be a significant problem with certain lightly traded securities such as unlisted options and municipal bonds that were part of small issues.
- **Non-systematic Risk:** The risk associated with investing in a particular product, company, or industry sector.
 - **Management Risk:** Refers to the impact that bad management decisions, other internal missteps, or even external situations can have on a company's performance and, as a consequence, on the value of investments in that company.
 - **Credit Risk:** The risk that an issuer of debt securities (e.g., bond) or a borrower default on its obligations and will be unable to make payment of interest or principal in a timely manner.
 - **Financial Risk:** The risk that a company will be unable to meet its financial obligations. This risk is primarily a function of the relative amount of debt that the company uses to finance its assets. A higher proportion of debt increases the likelihood that at some point the company will be unable to make the required interest and principal payments.

Risk plays a key role in the investment strategy that BJIA advisory personnel develop for clients. BJIA primarily uses the following tactics to reduce investment risk:

- Diversification - Investing in a wide variety of assets to reduce risk
- Negatively correlated assets (prices move in the opposite direction) to reduce the volatility of the total portfolio and provide higher returns for less risk
- Ongoing monitoring processes and active management including transaction reviews, portfolio reviews, account rebalancing and regular client meetings as a means to control risk

While these tactics can reduce risk, there are times when almost all asset classes can decline simultaneously, especially in the short-term. BJIA cautions all clients and potential clients that investing in securities involves risk of loss; although BJIA does its best to minimize risk, clients should be prepared to bear losses when they occur.

Item 9: Disciplinary Disclosures

BJIA has not been involved in legal or disciplinary events related to past or present investment advisory clients.

Richard Jensen is subject to a customer complaint received in February 2010 while he was employed as a registered representative at Main Street Securities, LLC. The customer alleges that there were errors in processing orders and Mr. Jensen delayed the account transfer. The complaint is still pending as of March 2011.

Guy Baker is or was subject to the following customer disputes:

- * Mr. Baker is named in two pending civil litigation case initiated in November 2010 while he was a registered representative with Main Street Securities, LLC. In both instances, the Complaint alleges that the insurance/412(l) pension plan that Mr. Baker set up on the plaintiff's behalf was not suitable and did not provide legitimate tax deductions for the premiums paid to fund the plan. Mr. Baker believes that the insurance products he and his co-defendants recommended were suitable, fulfilled all the tax guidelines at the time of the purchase (2004 and 2005), and the plaintiffs own legal counsel and CPA provided full disclosure of the tax benefits and tax risks. Mr. Baker referred the consultant who proposed the tax strategy which was eventually challenged by the IRS in 2008. Mr. Baker denies all allegations of professional wrongdoing and intends to vigorously defend his actions.
- * In July 2005, Main Street Securities received a complaint alleging that Mr. Baker had given misleading and false statements related to a universal life insurance policy sold to the customer to fund a retirement account. After investigating the facts and circumstances, Main Street Securities denied and closed the complaint in September 2005.

Additional information regarding these disputes may be found at: www.adviserinfo.sec.gov.

Item 10: Other Financial Industry Activities and Affiliations

Guy Baker is a registered representative with Bennett Ross, Inc., a broker-dealer and member of FINRA and SIPC. If a client chooses to implement recommendations made by Mr. Baker by purchasing securities through Bennett Ross, then Mr. Baker may receive compensation in the form of commissions, including 12b-1 fees for the sale of investment company products. BJIA clients are not obligated in any manner to implement the Advisor's recommendations through Mr. Baker in his separate capacity as a registered representative and may purchase or sell securities through any broker-dealer of their choosing.

Both Guy Baker and Richard Jensen are licensed to sell commission-based insurance products through various insurance companies. Rick Jensen focuses primarily on the investment advisory activities; insurance commission activities are nominal. Guy Baker is engaged in the ownership and operations of multiple companies in the insurance and benefits compensation industry: BTA Advisory Group, Associates in Insurance Concepts, Baker Thomsen Associates, Baker Mountford Insurance Services and Family Wealth Counseling. Mr. Baker allocates his time to his business activities as follows: 50% business consulting, 30% insurance/benefits compensation, 10% broker-dealer, and the remaining 10% investment advisory.

Mr. Baker's multiple affiliations cause a conflict of interest because his insurance activities and the duties he performs for Bennett Ross represent primary obligations. This conflict is lessened because Mr. Bennett operates his insurance, broker-dealer and investment advisory business from the same office and is therefore readily available to BJIA clients.

The broker-dealer and insurance affiliations give Mr. Baker and Mr. Jensen multiple sources of potential compensation. This represents a conflict of interest because BJIA Managing Directors have an incentive to recommend that BJIA clients purchase insurance products and consulting services offered by Mr. Baker and Mr. Jensen. Guy Baker also has an incentive to recommend that clients use the brokerage services provided by Mr. Baker in his capacity as a registered representative of Bennett Ross.

BJIA reminds clients that they are not obligated in any manner to implement the recommendations of its Managing Directors in their separate capacities as insurance agents or Mr. Baker's capacity as a registered representative.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BJIA has adopted a Code of Ethics ("Code") for the purpose of establishing and implementing ethical obligations and to provide rules for review of the personal securities transactions of its supervised persons. BJIA owes a duty of loyalty, fairness and good faith towards its clients, and it is obligated to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Code also includes BJIA's policy that prohibits the use of material non-public information. Any principal or associate that does not observe the provisions of the Code may be subject to discipline.

Each year, every BJIA associate must certify that he has read and understands the Code, that he recognizes that the Code applies to him, and that he has complied with all of the rules and requirements of the Code.

BJIA will provide a copy of its Code of Ethics at no charge to any client or prospective client upon request.

Participation or Other Interest in Client Transactions

BJIA Managing Directors and associates may own interests in or buy or sell for their own accounts the same securities, which may be purchased or sold for the accounts of advisory clients. Client orders are given priority (orders entered first), and BJIA seeks to ensure that advisory associates do not personally benefit from the short-term market effects of their recommendations to clients.

Personal Trading

BJIA reviews the personal investment accounts of its Managing Directors and associates that are designed to identify and address any conflicts of interest, and rule or policy violations. For instance, the personal investments are reviewed to monitor for instances in which a Managing Director's or associate's transactions are more favorably priced or timed than the same or similar trades for clients, and other such reviews. The quarterly reviews ensure that the personal trading of advisory associates does not affect the markets, and that at all times, the interests of BJIA's clients come before the advisory associate's interest.

In addition to the personal investment account reviews discussed above, in order to mitigate conflicts of interest, BJIA requires its associates and Managing Directors to adhere to the specific provisions described in the firm's Code of Ethics.

Item 12: Brokerage Practices

BJIA is an independent advisory firm with no exclusive brokerage or custodial arrangements. BJIA currently uses TD Ameritrade as its primary custodian.

Clients engaging BJIA for portfolio management services authorize the Advisor to determine the securities to be bought and sold, including the number of shares and/or dollar value. BJIA's authority is limited to trading activity in the investment account belonging to the client, and does not authorize BJIA to transfer money or securities into or out of the account.

Client assets must be held at a qualified custodian which is generally a broker-dealer or bank. BJIA recommends that clients hold their assets at TD Ameritrade Institutional, which is a division of TD Ameritrade Inc., an unaffiliated broker-dealer that is a FINRA and SIPC member. BJIA considers several factors prior to recommending a custodian including financial strength, reputation, reporting, execution, pricing, and research. Generally, client account custodians are compensated in the form of brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions).

To the extent TD Ameritrade charges transaction fees and commissions, it charges rates which are generally considered discounted from customary retail commission rates. However, the commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians.

Directed Brokerage

Clients may direct BJIA to use a particular broker-dealer to execute some or all transactions for the client. In these circumstances, the client will negotiate terms and arrangements for the account.

Clients should also understand that if they direct the use of a particular broker or dealer:

- BJIA does not have the authority to negotiate commissions or obtain volume discounts
- Best execution may not be achieved
- Commission charges may vary between clients depending on the custodian holding the client account

Soft Dollars or Economic Benefits

BJIA participates in TD Ameritrade's Institutional client program for custody and brokerage services. There is no direct link between BJIA's participation in the program and the investment advice given to clients, although BJIA receives economic benefits through participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; ability to trade in an omnibus account; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees; and discounts on compliance, marketing, research, technology, and practice management products or services provided to BJIA by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by BJIA related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) BJIA personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit BJIA but may not benefit BJIA's client accounts. These products or services may assist BJIA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BJIA manage and further develop its business enterprise.

The benefits received by BJIA through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by BJIA or its advisory associates in and of itself creates a potential conflict of interest and may indirectly influence BJIA's recommendation of TD Ameritrade for custody and brokerage services.

Brokerage for Client Referrals

BJIA does not receive client referrals from a broker-dealer or third party when recommending brokers for client accounts.

Trade Aggregation

TD Ameritrade allows BJIA to use an omnibus account to enter client trades. Transactions in individual client accounts are combined into the master omnibus account thereby greatly reducing the transaction fees charged by the custodian and ultimately benefitting the clients.

Item 13: Review of Accounts

Richard Jensen, Managing Partner and Chief Compliance Officer, reviews all investment advisory accounts no less than quarterly following receipt of the current portfolio report from the custodian or more frequently if market conditions change. For instance, if there is a change in the tax laws, investment information and/or a client's financial situation, then this new information may trigger an interim review. The Chief Compliance Officer is authorized to delegate some of the review responsibility to other qualified advisory associates from time to time to add specialized product expertise, to accommodate for high volume of reviews, and/or to otherwise enhance the review process. There is no limit on the number of accounts reviewed by Mr. Jensen.

Investment portfolios are reviewed for consistency with the investment strategy and performance. The reviews include at minimum an evaluation of the portfolio holdings relative to a client's stated objectives, and an appraisal of the performance in the account relative to expectations based on market performance, economic conditions, allocation in the account and other factors. Quarterly and interim portfolio reviews are considered an integral part of the management service, and do not trigger any additional fees to the customer.

Financial plans are computer models based on information discussed among the advisory associates and clients. These proprietary computer models are designed to report whether or not the client is on track to reach a variety of goals including retirement, estate transfer, and/or insurance needs analysis. BJIA will review financial plans for updates only upon the request of the client. Reviews of financial plans may trigger additional fees.

Reports

Investment advisory clients will receive written statements (monthly or quarterly depending on the level of activity in the account) and transaction confirmations directly from the account custodian. BJIA also provides clients with a written quarterly Portfolio Appraisal report that includes the client's account holdings priced as of the last business day of the month, income and expense summary that includes dividends and interest received plus any withdrawals from the account, and a performance report. BJIA encourages clients to compare the custodial statements with the Advisor's Portfolio Appraisal reports to reconcile and compare holdings, prices, transaction records, reconcile the account value to the fee invoice, and review other activity in the account.

Financial planning clients will receive an initial written financial plan within 90 days of the contract date, provided that all information needed for the analysis and preparation of the report has been promptly provided by the client. A client may engage BJIA on an annual basis to review and update a previously delivered financial plan.

Item 14: Client Referrals and Other Compensation (Solicitor Arrangements)

BJIA may from time to time compensate, either directly or indirectly, any person (defined as a natural person or an entity) for client referrals. These referral fees are paid solely from BJIA's advisory fee, and do not result in any additional charge to the client. BJIA is aware of the special considerations set

forth in Section 206(4)-3 of the Investment Advisers Act of 1940 that govern solicitor relationships. To meet these special requirements, BJIA shall:

- Ensure the solicitor is appropriately qualified
- Enter into a written agreement with the solicitor
- Provide the solicitor with a copy of the solicitor's disclosure document and current BJIA Brochure
- Have a reasonable basis to believe the solicitor has complied with the terms of the agreement
 - Solicitors must provide a copy of BJIA's ADV Part 2 (Disclosure Brochure) and a separate solicitor's disclosure statement regarding the relationship between the solicitor and BJIA to the prospective client at the time of the solicitation or referral
 - A prospective client must acknowledge this arrangement prior to BJIA accepting of the account for advisory services
- Retain copies of written agreements and client acknowledgements

Item 15 Custody

BJIA does not have custody of client funds or securities. This means that client assets will be held at a qualified custodian according to a separate written agreement between the client and the custodian. The client should expect to receive regular written account statements at least quarterly from the custodian, and may contact BJIA and/or the custodian with questions or concerns. A client may opt to access the custodial reports online. Any client wishing to enroll in this online service may contact BJIA. The custodian's statement will include a telephone number, which the client may use to contact the custodian directly. The Advisor encourages clients to use custodial reports to reconcile and compare holdings, prices, transaction records, reconcile the account value to the fee invoice, and review other activity in the account.

BJIA receives electronic copies of client statements so that an associate can monitor the account's performance and assist the client with ongoing allocations or investments. In no circumstance is BJIA authorized to issue any instructions for the distribution of funds or securities from the client's account.

Item 16 Investment Discretion

BJIA usually requires that portfolio management clients give the Advisor discretionary authority to determine which securities to buy or sell and the amounts of securities to buy or sell in a client's account. The client grants this limited authority by means of signing the written Portfolio Management Agreement. This agreement does not grant BJIA the authority to take custody or possession of any client assets; rather, the client gives BJIA a limited power over the client's account at the selected custodian. Other than the management fees, BJIA is not authorized to withdraw or transfer funds from the client's account.

Clients may place any reasonable limitation or restriction to such authority on the account. Clients must provide all account limitations and restrictions to BJIA in writing.

In certain limited circumstances, BJIA performs investment-related services on a non-discretionary basis. This means that BJIA must obtain a client's consent to determine the securities to buy and sell.

Item 17 Voting Client Securities

BJIA does not vote proxies on behalf of its clients. Clients will receive proxies and other solicitations directly from the custodian (or a service provider contracted by the custodian). Clients may contact BJIA with questions or for additional information upon receipt of such solicitations or notifications.

Item 18 Financials Information

BJIA does not have custody of client assets and does not charge fees in excess of \$500 more than 6 months in advance of providing service.

The firm's Managing Directors are not aware of any financial condition that would prevent BJIA from delivering contractual services to clients.

BJIA and its Managing Directors have neither claimed protection from creditors nor have they ever filed bankruptcy.

Privacy Disclosure

BJIA is committed to safeguarding the confidential information of its clients and holds all personal information provided to it in confidence. Confidential records include the non-public personal information that the Advisor collects from its clients or receives from other firms in connection with any of the financial services they provide. BJIA also requires other firms with whom they do business to restrict the use of client's information. The Advisor will provide its Privacy Policy upon a client's engagement of the firm's services.