



STEVEN AYERS
Investment Management

This brochure provides information about Steven Ayers & Company's ("SAC", "Advisor" or "Firm") qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (512) 233-2968 or by email at invest@stevenayers.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about SAC is also available at the SEC's website www.adviserinfo.sec.gov (under "investment adviser firm" and type in our Firm name).

We are a Registered Investment Adviser (RIA) Firm. Our registration as an RIA does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

SEPTEMBER 30, 2011

STEVEN AYERS & COMPANY
7685 NORTHCROSS DRIVE, UNIT 628 AUSTIN, TX 78757
INVEST@STEVENAYERS.COM
(512) 233-2968
WWW.STEVENAYERS.COM



ITEM 2 – MATERIAL CHANGES

This brochure, dated September 30, 2011, has been prepared by Steven Ayers & Company (“SAC”) to meet new SEC requirements. As a new document, it is different structurally and substantively from our previous brochure. In future filings, this section will only address material changes that have been incorporated since this brochure was released.

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ITEM 4 – ADVISORY BUSINESS

4a: Firm Description

Steven Ayers & Company (“SAC”) was established in September 2002 by Steven E. Ayers, CFA[®], President, Chief Compliance Officer and Investment Advisor Representative. The firm’s main office is located in Austin, Texas.

4a1: Principal Owners

- Steven E. Ayers, CFA[®], President and Chief Compliance Officer: Mr. Ayers may be contacted by email at invest@stevenayers.com or by telephone at (512) 233-2968.

4b: Types of Advisory Services

SAC offers a wide range of investment advisory and portfolio services tailored to meet its Clients’ investment objectives. The Advisor works with each Client to provide a suitable investment strategy. We request each Client grant us ongoing and continuous discretionary authority to implement the Firm’s investment recommendations without the Client's prior approval of each specific transaction.

Client services may include:

- Investment Planning
- Investment Policy Statements
- Investment Management Services

4c: Client Tailored Relationships and Restrictions

As a fiduciary, SAC always acts solely in the Client’s best interests. Each Client’s portfolio is customized based on the Client’s investment objectives. Clients are encouraged to approach the Advisor with questions regarding the investments in their portfolio. Restrictions on trading which, in the Advisor’s expert opinion, are not in the Client’s best interest cannot be honored.

4d: Wrap Fee Program

The Advisor does not sponsor a wrap fee program.

4e: Assets under Management (AUM)

SAC, as of December 31, 2010, has \$38,367,311.77 in discretionary reportable Assets under Management and \$0.00 in non-discretionary reportable Assets under Management for a total of \$38,367,311.77

ITEM 5 – FEES AND COMPENSATION

5a: Tiered Fee Schedule

Assets Under Management	Annual Fee (%)
Less than \$250,000	2.00%
\$250,000 to \$750,000	1.50%
\$750,001 and above	1.00%

The above fees may be negotiable in special circumstances.

Fees are paid quarterly in arrears. This fee schedule may be found in Paragraph 6 (Section 6) of your Asset Management Agreement. In certain cases, with client consent, fees will be paid daily based on pro-rated, end-of-day account balances.

TERMINATION POLICY: The asset management client may terminate the investment advisory relationship with applicant by written notice provided within five (5) days following the execution of the asset management agreement. Thereafter the investment advisory relationship may be terminated by either party by providing 30 days' written notice.

5b: Selection of Other Advisors' Fees

SAC does not select other advisors.

For California Residents: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment Advisors disclose to their Clients that lower fees for comparable services may be available from other sources. Pursuant to California Rule 260.235.2, a conflict exists between the interests of the Advisor or its associated persons and the interest of the Client; the Client is under no obligation to act upon this Advisor's or associated person's recommendations. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the Advisor or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

5d: Fee Payment Options

Investment Management Fees

Fees are paid quarterly in arrears. This fee schedule may be found in Schedule A of your Investment Advisory Agreement. In certain cases, with client consent, fees will be paid daily based on pro-rated, end-of-day account balances.

5.d.1: Termination

The asset management client may terminate the investment advisory relationship with applicant by written notice provided within five (5) days following the execution of the asset management agreement. Thereafter the investment advisory relationship may be terminated by either party by providing 30 days' written notice.

5e: Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees charged by Advisor.


ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a Client account.

ITEM 7 – TYPES OF CLIENTS

We generally provide asset management and financial planning services to the following types of Clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Trusts, Estates and/or Charitable Organizations
- Corporations



Minimum Account Size

SAC will require a minimum total investment of \$100,000 for new Clients. The minimum investment requirement may be waived in some cases at SAC's sole discretion.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

8a: Analysis

The Advisor uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, corporate rating services, prospectuses, company press releases, annual reports and filings with the SEC.

8b: Investment Strategies

The management of SAC believes that the objective of active investment management is to maximize risk-adjusted returns for clients over long time periods that span a wide variety of investing climates. To achieve this objective, we examine a wide range of securities, asset classes and markets in selecting portfolio investments.

The Client

Through interviews, correspondence, conversations and meetings, SAC determines clients' willingness and ability to withstand short-term declines in portfolio value in pursuit of superior long-term performance. SAC's understanding of this willingness and ability is the first factor in determining both the appropriateness of an individual security for a specific client's portfolio, and the size of the capital commitment to an individual security if deemed appropriate.

The Investment Universe

SAC researches, selects and invests on behalf of clients from among a wide universe of tradable investment securities. Historically, most of our investments have been in equity securities traded on the U.S. or overseas stock exchanges. However, when market prices in other asset classes or specific securities represent exceptional potential for price appreciation and/or income, we have invested in closed-end mutual funds, preferred stock, hybrid securities, warrants, investment-grade and high-yield individual bonds, and other asset classes. What determines our enthusiasm for a specific investment opportunity is weighted more greatly towards the risk-adjusted return potential of the specific security at the point in time at which it is being analyzed, than the asset class to which that investment belongs or the marketplace in which it trades.

The Investment Analysis Process

SAC generates investment candidates from a variety of sources, including quantitative screening methods, industry-specific and economic reading, at attendance at conferences. In the case of an equity investment candidate, our investigation process will include analyzing the company's recent and historical financial reports; the industry in which the company operates; current and historical market pricing and valuation of the company's stock; and ownership structure of the company's stock (i.e., whether the company is majority-controlled by a single shareholder or family, management percentage of total shareholdings, etc.). In the case of a fixed-income candidate we focus more closely on the cash flow generating ability of the issuing entity to service the debt; the ability to repay the outstanding bond balance at maturity, either through refinancing in the capital markets or with available cash; the security available to the bondholder; and the bond's relative position in the issuer's capital structure. For closed-end funds, we examine the characteristics of the fund's asset class; the fund's current and historical financial reports, which include details of the fund's underlying holdings; and the difference between the market value of the fund's shares and the shares' net asset value (the NAV premium or discount). Other types of securities are analyzed based on their security-specific characteristics, public filings, the status and condition of the issuer of the securities and market pricing.

Investment Selection and Portfolio Inclusion


SAC will choose a security if in its opinion the combination of market pricing, future prospects and safety should conditions change make it an attractive investment for some or all clients. Inclusion of a security in any given investment account depends on a variety of factors, including but not limited to: the client's willingness and ability to withstand short-term declines in portfolio value; available cash in a given client account; and commissions, fees and expenses associated with transacting in the security under consideration.

Portfolio Construction and Review

Because different clients have different needs for current income, SAC evaluates individual client portfolios in cases where current income is either desired or necessary in order that the portfolio generates sufficient income to meet the client's needs without taking excessive risk. SAC continuously monitors client portfolios to account for changes in security weights within portfolios due to price changes over time.

Monitoring of Holdings and Sales of Securities

SAC closely follows client account holdings by tracking news, following the company's periodic reports to the markets, listening to conference calls, reading periodic filings with securities regulators and following industry and market developments. Our reasons for selling a security may include, but are not limited to: if the security's market price no longer represents the level of risk-adjusted attractiveness it represented at the time we bought the security; if



the company's performance did not meet our expectations and we conclude more attractive opportunities lie elsewhere; or if a change in a client's circumstances requires us to liquidate securities to raise cash or shift portfolio structure to change the level of current income.

8c: Risk of Loss

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

ITEM 9 – DISCIPLINARY INFORMATION

We do not have any legal, financial or other “disciplinary” items to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating our Firm and its employees.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

10a: Broker Dealers and Registered Representatives

We are not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither the Firm nor its employees hold any of the above registrations.

10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither the Firm nor its employees have any relationships or possible conflicts of interest as it relates to this advisory business.

10d: Selection of Other Advisors or Managers and How this Advisor is Compensated for those Selections

Advisor does not select other advisors.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

11a: Code of Ethics Description

Employees are subject to CFA Institute Code of Ethics and Standards of Conduct and are encouraged to increase their level of expertise through academic and professional study programs.

CFA Institute Code of Ethics:

- Act with integrity, competence, dignity and in an ethical manner when dealing with the public, clients, prospects, employers, employees and fellow members.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on members and their profession.
- Strive to maintain and improve their competence and the competence of others in the profession.
- Use reasonable care and exercise independent professional judgment

CFA Institute Standards of Professional Conduct (in part):

- Act for the benefit of our investing clients and place their interest before our own.
- Ensure that investment advice is suitable in light of the client's objectives, needs and circumstances.
- Refrain from trading on the basis of material, non-public information.
- Use reasonable care and judgment to achieve and maintain independence and objectivity.
- Have a reasonable and adequate basis, supported by appropriate research and investigation, in making investment recommendations or taking investment actions.
- Avoid any material misrepresentation in any research report or investment recommendation.
- Disclose to clients and prospects all matters that reasonably could be expected to impair our ability to make unbiased and objective recommendations.
- Deal fairly and objectively with all clients and prospects.
- Not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation.

Upon written request, current or prospective clients may receive a copy of SAC's CFA Institute Code of Ethics and Standards of Professional Conduct.

11b, c & d: Participation or Interest in Client Transactions

Advisor, or individuals associated with Advisor, may buy and sell some of the same securities for its own account that Advisor buys and sells for its Clients or non-Clients. In all instances, where appropriate the Advisor will purchase a security for all of its existing accounts for which the investment is appropriate before purchasing any of the securities for its own account and, likewise, when it determines that securities should be sold, where appropriate will cause these securities to be sold from all of its advisory accounts prior to permitting the selling of the securities from its accounts. In some cases Advisor may buy or sell securities for its own account for reasons not related to the strategies adopted by the Advisor's Clients.

Advisor has a fiduciary duty to disclose all material information in order not to mislead Clients, so that the Client can make informed decisions about entering into or continuing the advisory relationship. Any perceived conflicts will be analyzed by the Advisor from the point of view of the Client. Examples of analysis would include whether the disclosure or lack of disclosure would unfairly influence the Client's decision related to their investments or work with the Advisor, would disclosure or lack of disclosure mislead the Client or take unfair advantage of the Client. If the above analysis demonstrates an element of unfairness the Client will immediately be informed of the relevant material information.

ITEM 12 – BROKERAGE PRACTICES

12a: Selecting Brokerage Firms

Except to the extent that the Client directs otherwise, the Advisor may recommend a broker-dealer. The Client is not obligated to effect transactions through any broker-dealer recommended by Advisor. In recommending broker-dealers, Advisor will generally seek "best execution." In recommending a broker-dealer the Advisor will comply with its fiduciary duty to obtain best execution by taking into account such relevant factors as (a) price, (b) the broker-dealer's facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, (d) the research and related brokerage services provided by such broker or dealer to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors the Advisor considers to be relevant.

Recommending a broker-dealer may create a conflict of interest. Accordingly Advisor has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer, associated person, or employee of Advisor shall not buy or sell securities for her/his personal portfolio where her/his decision is substantially derived, in whole or in part, by reason of her/his

employment unless the information is also available to the investing public or reasonable inquiry. No person of Advisor shall prefer her/his or her own interest to that of the advisory Client.

2. Advisor maintains a list of all securities holdings for itself and anyone associated with its advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of Advisor.
3. If Advisor receives separate compensation for effecting transactions on the Client's behalf such compensation arrangements will be fully disclosed to Client.
4. Advisor emphasizes the unrestricted right of the Client to select and choose their own broker or dealer.
5. Advisor requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

ITEM 13 – REVIEW OF ACCOUNTS

13a: Periodic Reviews

Accounts are reviewed by Steven E. Ayers, CFA[®] or qualified staff members. All reviews are either conducted or supervised by Steven E. Ayers, CFA[®]. The frequency of reviews is determined based on the client's investment objectives, but no less than quarterly.

13b: Review Triggers

More frequent reviews are triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

13c: Regular Reports

All investment advisory clients receive reports no less than annually detailing investments under Advisor management. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis.



ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Advisor may execute transactions with broker-dealers that provide research, seminars and execution services. Advisor may pay broker-dealer commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of their research, seminar and execution services.

14b: Compensation to Non-Advisory Personnel for Client Referrals

Advisor does not directly or indirectly compensate any person for Client referrals.

ITEM 15 – CUSTODY

Clients' accounts are held by a qualified custodian. Advisor does not have custody of the assets in the account and shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

ITEM 16 – INVESTMENT DISCRETION

The Client grants Advisor ongoing and continuous discretionary authority to implement the investment recommendations without the Client's prior approval of each specific transaction.

ITEM 17 – VOTING CLIENT SECURITIES (I.E., PROXY VOTING)

Advisor generally requests that Client grant Advisor proxy voting rights. In cases where Adviser is not granted permission to vote proxies, Client will receive proxies or other solicitations directly from their custodian. If a client has questions or concerns about any direct solicitations, they should contact the Adviser as listed on the cover page of this document.



ITEM 18 – FINANCIAL INFORMATION

18a: Financial Condition

The Firm has no financial issues that could impair our ability to carry out our fiduciary duty to our Clients. Advisor has not been the subject of a bankruptcy petition in the last ten (10) years.

The Advisor does not require prepayment of more than \$500.00 in fees from Clients more than six (6) months in advance of services.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

SAC is registered with the SEC and only notice files with state regulators.