

**Part 2A of Form ADV: *Firm Brochure***

**LIEBAU ASSET MANAGEMENT CO., LLC**

301 E. Colorado Blvd.  
Suite 810  
Pasadena, CA 91101

Telephone: (626) 795-5200  
Facsimile: (626) 795-5205  
E-mail: [info@liebauasset.com](mailto:info@liebauasset.com)  
Web: [www.liebauasset.com](http://www.liebauasset.com)

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**This brochure provides information about the qualifications and business practices of Liebau Asset Management Co., LLC. (hereinafter “LAMCO” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (626) 795-5200 or at [info@liebauasset.com](mailto:info@liebauasset.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.**

**Additional information about LAMCO is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for LAMCO is 128043.**

## **Item 2. Summary of Material Changes**

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure," has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with a clearly understandable "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to review carefully all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

LAMCO is a fee-based SEC-registered investment adviser (SEC file number 801-62390) with its principal place of business located in Pasadena, California. We have been in business since 2003 with Jack Liebau as the majority owner, President and Chief Compliance Officer.

Discretionary assets under our firm's management were \$158,759,859 as of December 31, 2010.

Non-discretionary assets under our firm's management were \$27,646,891 as of December 31, 2010.

#### Portfolio Management Services

LAMCO is in the business of managing individually-tailored investment portfolios. Our firm provides continuous advice to each client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan and create and manage a portfolio based on that policy or plan. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We will manage advisory accounts on a discretionary or non-discretionary basis, depending on the specific agreement with the client. For discretionary accounts, we will implement transactions without seeking prior client consent. For non-discretionary accounts, we will seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or limited availability of the securities sought.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

#### Portfolio Management Through Third-Party Sponsored Programs

We also provide portfolio management services as one of several managers in third-party manager programs and/or platforms. Some of these programs are structured as "wrap fee" arrangements and sponsored by various FINRA-registered brokers and/or registered investment advisers unaffiliated with our firm.

In these programs, a representative of the program sponsor or an independent adviser will work with the client to determine the client's investment objectives, risk tolerance, liquidity requirements and investment restrictions, as well as other relevant suitability factors. Based on this information, the sponsor's representative or adviser may then recommend placing all or a portion of the client's assets with our firm for management through the program. For accepted clients, we will manage portfolios in accordance with their investment objectives and all reasonable client restrictions. Under the terms of some programs, we will provide our model to third-party managers who will then issue trading instructions to implement trades for advisory clients.

### Services in General

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will primarily include advice regarding the following instruments:

- Exchange-listed securities
- Corporate debt securities
- Cash equivalents
- United States government securities

Occasionally, we may also utilize investments the following instruments:

- "No-load" or "load-waived" mutual funds
- Exchange traded funds (ETFs)
- Commercial paper
- Certificates of deposit
- Municipal securities

We tailor all of our portfolio management recommendations to the individual needs of each client. All such recommendations are based on information which may be gathered through client questionnaires, electronic communications, telephone and in-person discussions. Model portfolios are managed based on the risk profile and objectives of the particular model.

## **Item 5. Fees and Compensation**

### Portfolio Management Services

The annual fee for our Portfolio Management services will be charged as a percentage of assets under our management, according to the following schedule:

<u>Assets Under Management (\$)</u>	<u>Annual Fee (%)</u>
First \$5 million	1.00%

Next \$20 million	0.75%
Above \$20 million	0.50%

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts for portfolio management fees in arrears at the end of each calendar quarter based upon the value of the client's account at the end of that quarter.

#### Portfolio Management Through Third-Party Sponsored Programs

In each third-party adviser program, the program sponsor deducts the total program fee from the client's account, and then forwards a portion of our advisory fee to our firm. We urge our clients to refer to their selected third-party adviser's and/or program sponsor's disclosure documents for exact fees and expenses charged by each such third-party program, as well as minimum account requirements, refund and termination provisions. All refunds of fees paid under these third-party advisory programs must be obtained directly from the adviser and/or sponsor, not from our firm. A complete description of each program can be found in disclosure materials prepared by the program sponsors.

Advisory fees we receive from each program sponsor will vary depending on the program, the amount of assets invested, and specific fee negotiated between our firm and each program sponsor. Generally, our firm's portion of the total program fee charged to the client by the third-party adviser will range from 0.50% to 1.00% of clients' assets under management with our firm.

Third-party advisers and program sponsors may directly debit client accounts in advance or in arrears, as specified in the particular agreement executed by the client. Clients should carefully review all such billing policies since our firm has no control over any contractual provisions imposed by third parties.

#### Information Regarding "Wrap Fee" Programs

As mentioned in Item 4 of this Brochure, some of the third-party advisory programs that utilize our management services are considered "wrap programs," in which the fee paid to the program sponsor includes the program sponsor's investment management fee, our management fee, the advisory fees of other independent managers selected within the programs, the execution of the client's portfolio transactions without commission charges, and/or custodial services for the client's assets. The disclosure brochure for each program will disclose if it is a "wrap fee" program.

In evaluating "wrap fee" programs, a client should recognize that transactions are usually effected "net," i.e., without commission. A portion of the "wrap fee" is generally considered as being in lieu of commissions. Trades are generally expected to be executed only with the broker-dealer with which the client has entered into the "wrap fee"

arrangement, so that the investment managers in the program may not be free to seek best price and execution by placing transactions with other broker dealers. No assurance can be given that the broker-dealers will be able to obtain best execution with respect to transactions effected for such programs.

Accordingly, the client may wish to satisfy him/herself that the broker-dealer offering the “wrap fee” arrangement can provide adequate price and execution for most or all transactions. The client should also consider that, depending upon the level of the “wrap fee” charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the “wrap fee” may or may not exceed the aggregate cost of such services if they were to be provided separately.

### Fees in General

Our advisory fees and account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Discounts not generally available to our advisory clients may be offered to family members of existing clients.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

### Account Termination

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Third-party managers and program sponsor(s) have their own policies for account terminations and refunds. Clients should carefully review all such policies since our firm has no control over any contractual provisions imposed by third parties.

Mutual Fund and ETF Fees and Expenses: All fees paid to our firm or the program sponsor(s) for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a

management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or and ETF directly, without the services of our firm or the services of the program sponsor(s). In that case, the client would not receive the services provided by us and the program sponsor(s) which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, in order to evaluate the advisory services being provided, the client should review both the fees charged by the funds and ETFs and the fees charged by us, the program sponsor(s), and any other third-party manager(s) to understand fully the total amount of fees to be paid by the client.

Clients participating in a third-party advisory program that invests in mutual funds or securities offered by other registered investment companies should be aware that the investment companies pay investment advisory or management fees to investment advisers and others, and pay marketing or service fees (including without limitation so-called "12b-1 fees") to broker-dealers and others (including, in some cases, the third-party adviser or its affiliates) who provide services to or for the fund or its shareholders. These fees constitute indirect expenses ultimately borne by the client, and are in addition to the investment advisory fees paid by the client to the program sponsor(s) and/or third-party adviser(s).

#### Brokerage and Custodial Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of their account management, unless they have selected the "wrap fee" options of the programs described above. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **Item 7. Types of Clients**

Our firm generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

We generally impose a \$1,000,000 account minimum for Portfolio Management services. Third-party advisers and program sponsors may have additional conditions for managing accounts.

#### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

Our firm employs the following types of analysis to formulate client recommendations:



Fundamental Analysis: The fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Cyclical analysis: In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the clients' account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

*Clients should understand that investing in any securities, including mutual funds and ETFs, involves a risk of loss of both income and principal that a client should be prepared to bear.*

#### **Item 9. Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

#### **Item 10. Other Financial Industry Activities and Affiliations**

Neither our firm nor our employees engage in any other financial industry activities or have any other financial industry affiliations.

#### **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

##### Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of

quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) and prohibits employee purchases of initial public offerings. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to Jack Liebau, President and Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, in theory, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client;
2. It is the expressed policy of our firm that no person employed by us is allowed to purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. Any exceptions to this policy must be approved by the Chief Compliance Officer and be well documented;
3. We do not generally aggregate employee trades with client trades;
4. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations;
5. We emphasize the unrestricted right of the client to decline to act upon any advice rendered, except in situations where our firm is granted discretionary authority;
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
7. Any individual not in observance of the above will be subject to disciplinary action or termination.

## **Item 12. Brokerage Practices**

### Portfolio Management Services

We endeavor to select those brokers or dealers which will provide the best services at the lowest prices and commission rates possible. The reasonableness of commissions is based on the broker's financial condition and ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to clients. We may, therefore, recommend the use of a broker which provides useful research and securities transaction services even though a lower commission may be charged by a broker which offers no research services and minimal securities transaction assistance. We do not attempt to put a specific dollar value on the research received or to allocate the relative costs or benefits of that research among clients, believing that the research we receive will help our firm to fulfill its overall duty to its clients. We may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. The types of research we receive may include:

- Analyses or reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts;
- Reports concerning interrelated political and economic factors;
- Access to research analysts;
- Research-related seminars or conferences;

Our firm participates in the Fidelity Institutional Wealth Services Program (hereinafter, "FIWS") sponsored by Fidelity Brokerage Services LLC (hereinafter, "Fidelity"), member NYSE/SIPC. Clients in need of brokerage and custodial services will have Fidelity recommended to them. While there is no direct linkage between the investment advice given to clients and our firm's participation in the FIWS program, we receive economic benefits which would not be received if we did not give investment advice to clients. These benefits include: A dedicated trading desk that services FIWS participants exclusively, a dedicated service group and an account services manager dedicated to our firm's accounts, access to a real-time order matching system, ability to 'block' client trades, electronic download of trades, balances and positions, access, for a fee, to an electronic interface with FIWS' software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third-party research and technology, a quarterly newsletter, access to Fidelity mutual funds, access to AdvisorChannel.com (internet access to statements, confirmations and transfer of asset status), access to Account View (through which clients may access their account information over the internet via our website), access to various mutual fund families and mutual funds NOT affiliated with Fidelity, of which many have no transaction fee, ability to have loads waived for our clients who invest in certain Fidelity loaded funds when certain conditions are met and maintained, and the ability to have

custody fees waived (when negotiated by the adviser and allowed under certain circumstances).

The benefits we receive through participation in the FIWS program may depend upon the amount of transactions directed to, or amount of assets custodied by, Fidelity.

Our firm also participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc. ("Schwab"), an unaffiliated FINRA-registered broker dealer. Clients in need of brokerage and custodial services will have Schwab recommended to them. As part of the SI program, our firm receives benefits that it would not receive if it did not offer investment. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Schwab.

While we do not have any formal soft-dollar arrangements and do not contract with any broker dealer to receive soft-dollar benefits, clients should understand that when we use client brokerage commissions, markups, or markdowns to obtain research or other services, as described above, our firm receives a benefit because it does not have to produce or pay for this research, products, or services. Therefore, we may, in theory, have an incentive to select or recommend a broker based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. Since this incentive results in a conflict of interest for our firm, we have adopted the following policies and procedures to monitor and mitigate the conflict:

1. We use client commissions to pay for eligible services only, as defined in Section 28(e) and subsequent regulatory and industry guidance;
2. We conduct periodic analysis of volume of transactions sent to each approved broker along with the competitiveness of the commission schedules of each such broker; and
3. We periodically evaluate the usefulness of services received from brokers in relation to the amount of commissions directed to each broker.

#### Directed Brokerage

If a client, when undertaking an advisory relationship with our firm, already has a pre-established relationship with a broker and instructs us to execute all transactions through that broker, it should be understood that under those circumstances, we will not have the authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients since our firm may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder its fiduciary duty to the client and/or our ability to service the account.

#### Portfolio Management Through Third-Party Sponsored Programs

Clients must typically (although not always) elect the use of program sponsors for trade execution services as a condition of participation in third-party “wrap fee” programs. Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through program sponsors(s). Under the terms of some programs, our firm does not implement specific client transactions and therefore, does not have the ability to select brokers to be used and does not have control over the brokerage features of the program. Clients are urged to refer to the disclosure documents of their primary adviser(s) for a detailed account of its brokerage practices.

#### Trade Aggregation

We generally aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day. Any exceptions from the pro-rata allocation procedure will be carefully explained and documented. Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives and existing concentrations, and desire to avoid “odd lots,” (an amount of a security that is less than the normal unit of trading for that particular security).

We may not aggregate trades across different custodians.

#### **Item 13. Review of Accounts**

Jack Liebau will continuously monitor the underlying securities in client accounts and perform at least quarterly reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder’s personal, tax or financial status. Significant

political, geopolitical and macroeconomic events may also trigger reviews. Clients participating in third-party programs should refer to the sponsors' disclosure documents for information regarding additional reviewers and frequency of additional reviews, if any.

In addition to the monthly/quarterly statements and confirmations of transactions that clients receive from their broker dealer, our firm will provide quarterly holdings and/or performance reports. As outlined in their disclosure documents and advisory agreements with clients, selected third-party managers and/or sponsors may provide additional reports for accounts overseen by them.

#### **Item 14. Client Referrals and Other Compensation**

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to our clients.

If a client is introduced to us by either an unaffiliated or an affiliated solicitor, we may pay that solicitor an ongoing referral fee ranging from 20% to 50% of the referred client's advisory fee paid to our firm.

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral, in theory, is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

#### **Item 15. Custody**

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we do not take physical possession of client assets at any time. However, under the current SEC rules, our firm is deemed to have constructive custody of client assets because for some clients we directly debit client fees from their custodial accounts. Therefore, we urge all of our management clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

#### **Item 16. Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

#### **Item 17. Voting Client Securities**

Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested. (With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.) To direct us to vote a proxy in a particular way, clients should contact Jack Liebau directly.

When we have discretion to vote proxies for our clients, we will vote those proxies in what we believe is in the best interest of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Jack Liebau directly. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.



We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18. Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

**Part 2B of Form ADV: *Brochure Supplement***

Frederic Jack Liebau, Jr.  
301 E. Colorado Blvd.  
Suite 810  
Pasadena, CA 91101

Telephone: (626) 795-5200

Liebau Asset Management Co., LLC  
301 E. Colorado Blvd.  
Suite 810  
Pasadena, CA 91101

Telephone: (626) 795-5200

03/04/2011

**This brochure supplement provides information about Jack Liebau that supplements the Liebau Asset Management Co., LLC brochure. You should have received a copy of that brochure. Please contact Jack Liebau if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Frederic Jack Liebau, Jr., Founder, President & Chief Compliance Officer from 09/2003 to present

Year of Birth: 1963

Education:

Mr. Liebau graduated from Phillips Academy in 1981 and from Stanford University with an AB degree in 1985.

Employment Background:

Member, Board of Directors, Herley Industries, Inc., 2010-present

Member, Board of Directors, Media General, Inc., 2008-2009

Partner and Portfolio Manager, Primecap Management Co., 05/1986 to 09/2003

**Item 3. Disciplinary Information**

Mr. Liebau does not have any history of disciplinary events.

**Item 4. Other Business Activities**

Mr. Liebau is not engaged in any other investment-related business or occupation. He currently serves as a corporate director for Herley Industries, Inc. and may spend up to 10% of his time on this non-advisory activity.

**Item 5. Additional Compensation**

Mr. Liebau does not receive any additional compensation from third parties for providing investment advice to its clients.

**Item 6. Supervision**

As the majority owner of LAMCO, Jack Liebau is responsible for all employee supervision and general business strategy of the firm. He can be reached at (626) 795-5200. Mr. Liebau is also responsible for formulation and monitoring of investment advice offered to client, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met. All of Mr. Liebau's personal securities transactions and annual holding reports are collected on a quarterly and annual basis, respectively, and are available for regulatory review.