

**Item 1 – Cover Page**

**Nabity-Jensen  
Investment Management, Inc.**

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402-391-0222

March 31, 2011

This brochure provides information about the qualifications and business practices of Nabity-Jensen. If you have any questions about the contents of this brochure, please contact us at 402-391-0222 or email [rjensen@nabity.com](mailto:rjensen@nabity.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.

Nabity-Jensen is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide information about which you determine to hire or retain an adviser.

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients. This brochure, dated March 31, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires information that our previous brochure did not require.

In the future, this item will discuss only specific material changes made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our fiscal year.

As necessary, we will provide you with a brochure containing new or changed information as well as other ongoing disclosure information.

Currently, our brochure may be requested by contacting Randall Jensen, President/Chief Compliance Officer, at 402-391-0222 or [rjensen@nabity.com](mailto:rjensen@nabity.com).

Additional information about Nabity-Jensen is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This web site also provides information about any persons affiliated with Nabity-Jensen who are registered as investment adviser representatives of Nabity-Jensen.

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## **Item 4 – Advisory Business**

Nabity-Jensen is an investment management, investment counsel, and financial planning firm. Our predecessor firm, Stockbridge Associates, began as a Registered Investment Advisor in 1991. Nabity-Jensen is owned by Randall Jensen, CFP and David Nabity, ChFC.

### **Investment Management Services**

Our investment management services provide consistent programs for investing funds in response to our client's long-term needs. These programs typically begin with the development of a model of client and market data. The model illustrates the interaction between a client's objectives and constraints, including restrictions on certain types of securities, and the risk-reward alternatives of the market.

Reviewing these models guides the development of an Investment Policy Statement, which is a set of working guidelines for the management of an investment portfolio. We then implement the Investment Policy Statement according to current market conditions and expectations. Portfolios can include common stocks, government and municipal bonds, and other investments in which a client holds a direct ownership in the shares of a business or evidence of debt. Portfolios may also include selected mutual fund and exchange-traded fund shares.

Once constructed, we provide supervision and ongoing management and repositioning of the portfolio as changes in investment holdings, market conditions and client circumstances require. Under this program, assets are held in a brokerage account at Schwab Institutional which is a division of Charles Schwab & Co, Inc.

In addition to regular brokerage statements provided by Schwab Institutional, performance reports are prepared quarterly for all accounts, as described in Item 13 of this brochure. The reports serve as the basis for monitoring progress. A more complete accounting of progress toward your objective is provided in an annual review.

As of December 31, 2010, Nabity-Jensen manages \$45,000,000.00 on a discretionary basis and manages no assets on a non-discretionary basis.

### **Special Investment Counsel Services**

Special investment counsel services are highly customized and begin only after written agreement with a client. These services may range from extended additional meetings and consultations with investment management clients, to reviews, analysis or valuations of accounts not managed by us.

### **Financial Planning and Advisory Services**

In addition to investment management and special investment counsel services, we also provide fee-based advisory services including financial planning.

## Item 5 – Fees and Compensation

### Investment Management Services

Nabity-Jensen charges fees according to a written agreement with our clients called the Discretionary Investment Management Agreement. The fee for our Investment Management Services is an annual percentage of the value of assets under our management. The percentage is determined by a regressive rate schedule (lower rates for larger accounts). An example is included below.

Asset levels for each percentage	Fee Percentage
Up to \$50,000	1.75 %
From \$50,000 to \$100,000	1.50 %
From \$100,000 to 250,000	1.25 %
From \$250,000 to \$500,000	1.00 %
From \$500,000 to \$1,000,000	0.90 %
From \$1,000,000 to \$2,000,000	0.80 %
From \$2,000,000 to \$3,000,000	0.70 %
From \$3,000,000 to \$5,000,000	0.50 %
\$5,000,000 and over	0.2 %

Fees are not normally negotiable. However, alternative fee arrangements might be made for accounts outside the customary balanced accounts (bonds and stocks). In such cases the fee will be set at a mutually agreed upon rate. Exceptions to the standard fee schedule outlined above may include:

- Large accounts usually more than \$5,000,000 in billable asset value
- Eleemosynary accounts
- Fixed income (bonds) only accounts
- Asset allocation accounts investing only in passively managed index mutual funds or Exchange Traded Funds

Investment Management fees are payable in advance at the beginning of each quarter. The amount is based on the value of the account as of the end of the prior quarter. Unless the client pays us directly, Schwab Institutional, the custodian holding the account, will facilitate the payment according to the authorization provided in the Schwab account application. Nabity-Jensen provides both you and Schwab Institutional with a notice of the fee amount. In addition to that notice the monthly statements you receive from Schwab Institutional will also show the management fee amount. Nabity-Jensen does not have custody of client funds or securities.

The fee for the quarter in which our management begins will be prorated based on the number of days remaining in the quarter as of the date the assets are first deposited. Upon written notice, either party may end the Investment Management Agreement. If termination occurs before the end of a calendar billing period, a pro-rata refund of unearned fees will be made.

The fees in the schedule above make up all fees and charges for the services of Nabity-Jensen. You may incur charges from the custodian (Schwab Institutional), brokers or other third parties. Mutual funds, exchange traded funds and other investment products have internal expenses which are disclosed in the product's prospectus.

### **Special Investment Counsel & Financial Planning and Advisory Services**

Compensation for special investment counsel, planning and advisory services is based on one of two methods and is documented in the Financial Advisory Agreement prior to providing the service.

- 1) Flat Fee per project and stated in the client agreement  
or
- 2) Hourly at the following rates:  
Professional time: \$200  
Staff time: \$85

In addition to the amounts above, clients will be billed for all out-of-pocket expenses accompanying these services. Billing for these services follows one of two methods; (1) quarterly, in arrears, as work progresses or, (2) one half at the beginning (but not more than six months in advance of the service) and the remainder at the end of the project.

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

Nabity-Jensen does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Nabity-Jensen provides portfolio management services to individuals, high net worth individuals, corporations and charitable institutions.

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

Nabity-Jensen's investment analysis and strategy are based primarily on Modern Portfolio Theory which involves diversifying investment portfolios to obtain the highest possible return for a given level of risk. The components of MPT are;

- Expected Risk as defined by the standard deviation of each asset class,
- Expected Return of each asset class, and
- Correlation of each pair of asset classes (MPT combines assets whose returns are not highly correlated).

Nabity-Jensen Investment Management, Inc. accomplishes this analysis at present by combining asset classes that may include domestic and international equities, fixed income securities and low correlation asset classes such as commodities, real estate or foreign currencies. These assets are blended to formulate a more efficient asset allocation.

We then implement this allocation on a customized basis for each client. We do not specialize or limit our management to any particular type of security. Within each asset class we select the securities that are most suited to the client considering their:

- Risk expectations
- Return expectations
- Tax considerations
- Cash flow needs
- Liquidity needs
- Other client constraints or preferences

While investing in securities involves risk of loss that clients should be prepared to bear, a feature of these methods and strategies is the management of risk through diversification by:

- Market sector,
- Company size,
- Geographic region,
- Fixed-income quality and maturity and,
- Limits of concentration in the securities of any single issuer.



## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Nabity-Jensen or the integrity of our management. Nabity-Jensen has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

Nabity-Jensen's passive owner, Mr. David Nabity, is also:

- the owner and an Investment Advisor Representative of his own Registered Investment Adviser firm, Nabity Business Advisors Inc.
- a Registered Representative of Valmark Securities Inc., an unaffiliated FINRA registered Broker-Dealer.
- a licensed insurance agent with various insurance companies.

However, Mr. Nabity is **not** involved in any of the day-to-day operations or investment decisions of Nabity-Jensen, nor are our clients under any obligation to engage Mr. Nabity for any of his securities or insurance products or, advisory services.

## Item 11 – Code of Ethics

Nabity-Jensen has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. Nabity-Jensen's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Randall Jensen at 402-391-0222 or [rjensen@nabity.com](mailto:rjensen@nabity.com)

The employees of Nabity-Jensen may buy or sell securities, for their own accounts, which are also held by clients of the firm and, further, they may buy or sell securities for client accounts which are owned by themselves. As part of its Code of Ethics, Nabity-Jensen's Personal Securities Policy has imposed certain restrictions upon employee's transactions to ensure that each client's interest is given precedence.

These include:

- Definition of an employee account to include accounts of the employee's family over which he exercises control or any accounts over which he has a beneficial interest.
- Prohibitions of a security transaction in an employee account if one can reasonably construe intent to gain a direct benefit from client transactions.
- Precedence given to client transactions when client and employee trade occurs in the same security on the same day.
- Requirement for preapproval by the Chief Compliance Officer of personal securities transactions in "Restricted Securities." Restricted securities include the securities of public companies which the firm is currently recommending or considering for its clients
- Review of all employee security transactions by a designated officer of the firm to ensure compliance with the Personal Securities policy.

## Item 12 – Brokerage Practices

Transactions for Nabity-Jensen's investment management accounts are effected by Schwab Institutional. We have selected Schwab Institutional based upon the quality and depth of services provided to our clients and to us.

We may, in return for effecting securities brokerage transactions through Schwab, receive from Schwab brokerage services, investment research (both proprietary and third-party) and support services which assist us in investment decision making process and general practice management. Our receipt of these services is generally referred to as a "soft dollar" arrangement.

Although the commissions paid by clients comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction if we determine in good faith that the commission is reasonable in relation to the value of the brokerage, research, and support services received. Examples are:

### Brokerage

- account maintenance,
- recordkeeping,
- custodial and other services;

### Research

- analysis pertaining to specific securities, companies, or sectors;
- market, financial, and economic information;
- financial publications,
- portfolio management systems,
- statistical and pricing services;

## Support

- technology that provides access to client account data,
- compliance and practice management-related publications,
- discounted or gratis consulting services,
- discounted or gratis attendance at conferences, meetings, and other educational or social events,
- marketing support,
- other products used by Registrant in its investment management business.

These “soft dollar” benefits are not proportionally allocated to any accounts that may generate the benefits.

Regarding transactions for client accounts, some trades are executed in aggregate for several accounts. For example, the purchase of new issue bonds for two or more client accounts with similar requirements, these transactions are routinely aggregated.

In general, other securities are transacted on a client by client basis. These transactions are infrequent and at varying times so as to negate the need or benefit of aggregation of the trades.

## Item 13 – Review of Accounts

Portfolios are overseen and reviews are conducted by Randall Jensen, President and general investment manager. We conduct internal reviews of client accounts as determined by the client’s investment objectives and the type of securities held but not less than quarterly.

Internal reviews are a two part process that includes:

- 1) Review of the portfolio with respect to the Investment Policy Statement. This includes the client’s objectives, return expectations, risk tolerance and time horizon. Of primary importance is the suitability of the asset allocation for each client.
- 2) Review of the individual positions that make up the portfolio with relative to other investments available in each asset class.

Along with internal portfolio reviews, we also recommend client review meetings at least annually or more frequently as agreed upon.

In addition to these reviews, clients receive a quarterly portfolio report. We write a general letter to investors with commentary about the economy and financial markets and give some insight to our approach to portfolio management in light of the current environment. This quarterly communication also includes client portfolio-specific details such as allocation, portfolio cash flows and values, a summary of capital gains and losses by position, as well as a performance review.

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

Nabity-Jensen does not compensate anyone outside of our company for referring clients to us. Only those considered our firm's supervised personnel receive compensation.

We also do not receive compensation or economic benefit from anyone other than our clients, with the exception of the potential for "soft-dollar" services mentioned in Item 12 of this brochure.

## **Item 15 – Custody**

Nabity-Jensen communicates with its clients through a range of reports, telephone calls, letters, and regular client meetings. The frequency and type of communication varies from client to client and depends on each client's needs, circumstances, and wishes.

Investment management clients receive a regular brokerage statement for each account from the custodian, Schwab Institutional, which includes an inventory of portfolio assets and a list of transactions occurring in each account. From Nabity-Jensen, clients receive the quarterly communication mentioned in Item 13.

We urge you to carefully review these statements and compare official custodial records from Schwab Institutional to the reports that we provide you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Nabity-Jensen, by indication in the Investment Management Agreement, holds discretionary authority to select the identity and amount of securities to be bought or sold for its clients. However, we observe the client's stated investment objectives, goal and risk tolerance levels as outlined in the client's Investment Policy Statement for each account.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Nabity-Jensen does not have any authority to and does not vote proxies on behalf of our investment management clients. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios. We may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

As registered investment advisers we are required to provide you with certain financial information or disclosures about our financial condition. Nabity-Jensen has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.