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This brochure provides information about the qualifications and business practices of NewFocus Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

NewFocus Financial Group, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about NewFocus Financial Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing of this disclosure brochure.

Please contact us if you would like a copy of our updated Part 2.

ITEM 3

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ITEM 4: ADVISORY BUSINESS

Who we are

NewFocus Financial Group, LLC (referred to as “we,” “our,” “us,” or “NewFocus”), has been registered as an investment advisor since November 2004. Our principal officers are Chad M. Burton, CFP® and Robert F. Black.

Financial Planning

Our financial planning services include retirement planning, tax planning, stock option planning, education funding, insurance planning, and estate planning. We provide answers to the complex financial questions that we all face such as:

- Will I be able to retire comfortably?
- How much should I save for retirement?
- What about college funds for the children or grandchildren?
- Are my financial affairs arranged in the best way possible?
- Am I paying too much in income taxes?
- Will my heirs receive the bulk of my estate or will the government?
- Do I have the right amount of life insurance?
- Do I need disability insurance?
- Am I getting the most out of my investments?
- Do I know exactly how my investments are performing?

Retirement Planning

Those nearing retirement or in retirement face a period of significant financial transition. After a lifetime of earning income and accumulating assets, clients are faced with having a finite asset base to meet their future living expenses. Assets that have been accumulated must produce income that will last for the rest of their lives. On top of this retirement costs are increasing rapidly as medical breakthroughs, and active lifestyles enable people to live longer.

As part of our retirement planning process we can analyze when and under what circumstances certain retirement goals can be achieved. This includes modeling income flows coming from pensions, retirement plans, and social security, as well as tax analysis, and portfolio design.

Retirement planning can address the following issues:

- How can I accumulate retirement assets effectively?
- Do I have enough assets to retire and maintain my current standard of living?
- At what age can I retire and how much monthly income will I have?
- How should my portfolio be invested and how will consistent cash flows be generated as tax efficiently as possible?
- How should I set up and rebalance my portfolio in order to create income in good and bad economic environments.

Employee Stock Option Planning

By offering you the opportunity to participate in a company stock plan, your employer has provided you with a benefit that may substantially increase your net worth. Employee stock options can be a powerful wealth building tool; however the choices you make on such issues as the timing of your stock option exercises, and whether you should hold or sell the acquired shares can significantly affect your overall financial security. To maximize the potential benefit you need to consider numerous factors.

Stock option planning can:

- Provide a framework for effective stock option management and decision making based on the value of your options, changes to the stock price, your specific tax bracket, future vesting and expiration events and key ratios.
- Identify those grants more sensitive to underlying stock movements and alert you to specific trigger points
- Quantify the leveraged risk/reward relationship inherent in your stock option portfolio
- Allow you to coordinate these decisions with respect to your overall financial needs and long-term goals

Education Planning

Providing funds for a child's education is one of the most important financial commitments most parents will make. Unfortunately, the cost of providing a higher education is soaring. For most parents, developing a plan for meeting education expenses is almost mandatory. Appropriate planning entails gathering tuition costs, selecting appropriate investments, evaluating pre and post-tax payment strategies, income shifting, gifting strategies and more. The good news is that by planning well, you can fund most (if not all) of your child's education.

Education planning can help you:

- Save and pay for college as tax efficiently as possible
- Plan for your children's educational expenses while saving for retirement

Tax Planning

Because most financial decisions are impacted by taxes we will review your tax returns to identify opportunities that might minimize your tax burden. Specific tax planning events may include: investments, retirement plans, IRA's, stock options, Roth IRA conversions, college savings, gifting, insurance, and estate planning, among other situations. Proactive tax planning and analysis anticipates these life events and makes recommendations to minimize your tax burden.

While we do not prepare tax returns, we can work closely with your CPA to recommend and coordinate strategies for tax savings and asset protection.

Insurance

Many people avoid analyzing their insurance and asset protection needs. As part of the comprehensive financial planning process, we will advise you on the proper amount and type of insurance for your needs. This advice can cover life, disability, property, automobile, long-term-care, and umbrella liability insurance. And because we don't sell any insurance ourselves, our advice is completely unbiased.

Estate Planning

Estate planning is the process providing for the efficient transfer of your property at death in a manner consistent with your wishes. The planning process focuses on accomplishing your family and/or charitable objectives minimizing income and estate taxes, avoiding unnecessary property transfer costs and delays and preserving wealth for your heirs. To accomplish these goals, we often work in conjunction with your estate planning attorney to help analyze and suggest the most appropriate estate planning tools that might be used. To further assist you, we are also able to manage the trusts and charitable funds that are created in estate plans.

Estate planning can help you:

- Determine and control how you want to distribute your wealth
- Minimize taxes and costs as well as hassle and delay for your heirs
- Gift your wealth to charities or causes which you support

Personal Approach – We take a personal approach to ensuring your financial well being. We get to know you and carefully explore your immediate needs, long-term goals, fears, hopes, and tolerance for risk. The understanding we gain of you, your attitudes, and your expectations guides our financial advice and the investment strategy that we customize to your needs. A rough draft of your financial plan is typically presented to you before investment changes are made.

Investment Advisory Services

Our investment management services consist of structured portfolios for each of our clients. Our portfolio managers employ a disciplined asset allocation investment strategy seeking total return that is designed to prudently accumulate wealth while limiting risk. The asset allocation blend may combine individual stocks, individual bonds of various maturities, Real Estate Investment Trusts (REITs), as well as cost effective and tax efficient exchange traded funds (ETFs) and mutual funds consistent with each individual's investment objectives, financial resources, risk tolerance and time horizon.

Mutual Fund and Exchange Traded Fund (ETF) Portfolios

Our mutual fund and exchange traded fund portfolios are designed for investors who are seeking steady returns with less volatility than the overall market. We blend different types of investments having various capitalizations (large and small) and investment styles (value and growth) within each asset class. NewFocus Financial also determines, through the analysis of current financial and economic data, which asset classes and investment styles are under-valued, fairly valued and over-valued. NewFocus Financial attempts to capitalize on these discrepancies by weighting higher percentages of the client's portfolio to the investments that offer the greatest value and lower percentages of the client's portfolio to the investments that are the most over-valued.

Part of our asset allocation investment philosophy is to provide broad diversification by using a variety of different asset classes with low correlation to each other. Low correlation of return between asset classes and investment styles helps to mitigate performance volatility, which in turn decreases risk - without significantly impacting return. Overall, this active allocation strategy is an attempt to gauge the economy and risk and adjust the portfolio to reap the major benefits of a solid market while, particularly and most importantly reducing exposure in the turbulent times.

Individual Stock Portfolios

NewFocus Financial Group offers an individual stock portfolio focusing on companies with globally diversified growing revenues, a sustainable competitive advantage, and a history of dividend increases.

Fundamental analysis is the primary tool in the selection of securities to use in our portfolio. For individual companies this includes a review of the underlying financial characteristics of the business, a study of the firm's competitive environment, as well as other qualitative and quantitative factors. Technical analysis is also a supplementary tool, which lends us insight to price trends and market psychology—in the creation of buy and sell targets for portfolio securities.

Client may request in writing reasonable restrictions on the management of the account. In no event will NewFocus or its Affiliates be obligated to affect any transaction for Client which would violate applicable federal or state law, or rule or regulation of any regulatory or self-regulatory body.

Assets under management

As of December 31, 2010, we manage assets of \$155 million on a discretionary basis. We do not manage assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Investment Management Services

Advisory Fees & Billing Practices

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed quarterly in arrears, based on the assets under management as of the last day of the calendar quarter. Our standard fee schedule is:

<u>Assets under Management</u>	<u>Annual Fee</u>
\$0-\$500,000	1.95%
\$500,001-\$600,000	1.50%
\$600,001-\$700,000	1.45%
\$700,001-\$800,000	1.25%
\$800,001-\$900,000	1.20%
\$900,001-\$1,000,000	1.00%
\$1,000,001-\$2,000,000	0.95%
\$2,000,001-\$3,000,000	0.85%
> \$ 3,000,000	0.75%

In some cases there may be an initial one-time setup charge of up to \$1,000 per account.

If a client relationship is started other than the first day of the quarter our fees will be prorated for the number of days remaining in the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on a pro rata basis. In limited circumstances we may negotiate fees for clients with larger accounts.

We generally request that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees by initialing the appropriate section of our contract and account application.
- You will receive a statement from your custodian which shows your holdings. Your January, April, July and October brokerage account statements will clearly show the NewFocus quarterly asset management fees deducted from your account.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

You may end our advisory relationship by providing written notice. We will prorate the advisory fees received through the termination date and send you an invoice for the advisory fees due.

Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- SEC charges, brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

Financial Planning

We will provide financial planning to clients that request the service and meet our account minimum. For the first year financial planning services are provided based on an hourly fee of \$225, quoted as a flat fee due at the time of service. The fixed fee will range from \$1,000 to \$7,000, depending on the scope and complexity of the services to be provided. All invoices are due within 10 days of invoice.

You may cancel our financial planning agreement at any time by providing written notice. Upon cancellation, we will present you with an invoice for time spent. If you provided a deposit, we will offset the amount due against the deposit and send you an invoice for the remaining amount due, or provide a refund for any prepaid, unearned fees. This invoice is payable upon receipt. Ongoing financial planning in years 2+ are typically covered by the asset management fees unless a client request services on a new

or extensive project. We notify clients of any possible additional fees and obtain approval before moving forward.

We have a conflict of interest when providing financial planning advice due to our account minimum.. When you implement the financial plan through us, we receive the customary fees as disclosed in the previous section. You are not required to employ us to implement the financial plan.

Chad Burton, Member, is also affiliated with various insurance agencies as a result of his past business experience with his grandfather's fixed annuity clients. NewFocus from time-to-time and when appropriate, may recommend fixed annuity products to its clients. If you elect to implement a fixed annuity recommendation through Mr. Burton, he will receive the normal and customary commissions. In these situations, a conflict of interest exists between the interests of the client and NewFocus. Clients of NewFocus are under no obligation to implement such recommendations through Mr. Burton. When variable annuity products are involved, Mr. Burton and NewFocus investment advisor affiliates will only use no-load, no commission products.

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

We do not receive performance fees for managing accounts.

ITEM 7: TYPES OF CLIENTS

Approximately two thirds of our clients are individuals who are in or approaching retirement and nearly one third are younger individuals who are accumulating wealth. Generally we require that you maintain \$500,000 under management with us. However, we may waive that minimum at our sole discretion.

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

We use a combination of qualitative and quantitative analysis in selecting securities to hold in the portfolio. We will look at overall market valuations, earnings growth, profit margins and dividend yields. We will look at the overall macro economic environment to establish a basic theme for the types of investments to be held in our models and if we should make any deviations from our targets. From that point, we look at the current business cycle to add tactical weightings across equities and fixed income. Next, we will research the mutual funds and ETFs to use in the portfolio by using some 3rd party research (such as Morningstar, Advisor Intelligence), reading reports issued by the investment managers, and talking with the fund companies themselves to get a better understanding of their investment process. We will then determine how the investment would fit into an overall portfolio by looking at overall sector weighting, asset class weighting and like securities held in other investments to determine the type of unsystematic risks are involved with the investment.

There are no unusual risks involved with the methods we use. The material risks involved in selecting our investments is manager performance based against their benchmark, and unsystematic risks from tactical allocations we might implement being out of favor versus the broader market.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment advisor, we are required to disclose when we, or any of our principals, have any other financial industry affiliations. While some of our principals have outside business affiliations, none of these affiliations are related to the financial industry.

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

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by NewFocus and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of “Item 12: Brokerage Practices.” When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

NewFocus and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

ITEM 12: BROKERAGE PRACTICES

Selection of Brokers (Custodian)

In selecting brokers to execute portfolio transactions, we make a good faith judgment of about which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the operational facilities, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

NewFocus participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”). TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program. Please see Item 14: Client Referral and Other Compensation” for additional information.

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We require that our clients use TD Ameritrade as the qualified custodian. We are independently owned and operated and are not affiliated with TD Ameritrade. TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so by preparing all required forms for your signature. If you do not wish to place your assets with TD Ameritrade, then we cannot manage your account.

Not all advisors require their clients to use a particular broker/dealer or other custodian selected by the advisor. Even though your account is maintained at TD Ameritrade, we can still use other brokers to execute trades for your account.

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with NewFocus. When we place a block trade, all participants

included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Soft Dollars

General Information

We have a fiduciary duty to our clients to obtain best execution, on an overall basis, for any securities transactions. When determining whether we have obtained best execution, we rely on Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Safe Harbor”). A safe harbor is a provision of a statute or a regulation that reduces or eliminates a party's liability on the grounds that the party performed its actions in good faith. Legislators include safe-harbor provisions to protect legitimate or excusable violations.

This Safe Harbor is provided to an investment advisor like us that has “investment discretion” over client accounts. It provides us protection against certain state and federal breach of fiduciary obligation claims (including ERISA claims) because we, the advisor, caused a client to pay more than the lowest available commission when executing a securities trade in exchange for receiving investment research services and products which helped us make investment decisions of benefit to our clients. To rely on the Safe Harbor provision, we must determine in good faith that the amount of the commissions paid is reasonable in relation to the value of the research services we have received. We take into account not only the costs for a specific transaction but also our overall responsibility to you. When we cause an account to pay more than the lowest available commission to a broker/dealer in return for research products and services, these payments are commonly referred to as “soft dollar” benefits. The broker/dealer tracks the soft dollar benefits generated to be used on our behalf. Not all trades generate soft dollar benefits, and we try to limit “soft dollar” trades whenever preferable.

For purposes of the Safe Harbor, “research services” means “advice,” “analyses,” and “reports” which meet the following criteria:

- The research is related to the market for securities, such as trade analytics (including analytics available through order management systems) and advice on market color and execution strategies; or
- The research constitutes market, financial, economic or similar data.

For the purposes of the Safe Harbor, “brokerage services” are those products and services that relate to the execution of a trade from the point at which the investment manager communicates with the broker/dealer for the purpose of transmitting an order for execution, through the point at which funds or securities are delivered or credited to an account under our management.

We may also use soft dollars generated by trades for your account to acquire services and products that provide benefits to us that may not qualify as research and/or brokerage services, or to pay expenses otherwise payable by us. Additionally, we may or may not use other clients’ soft dollars to pay such

expenses and, if we do, such use may not be directly proportionate to the benefits to other clients. Payments of soft dollars outside the Safe Harbor do not necessarily involve a breach of fiduciary duty.

See section entitled "How We Use Soft Dollars" for additional details.

Conflicts of Interest

We may have a conflict of interest in allocating your brokerage business to certain broker/dealers, including an incentive to cause you to effect more transactions than you might otherwise do in order to obtain soft dollar benefits. The extent of that conflict depends in large part on the nature and uses of the services and products acquired with soft dollars. When a particular service or product provides benefits to other clients and/or us we may (but are not obligated to) allocate the cost among the persons receiving the benefits. Our agreement with you may authorize us to use the soft dollars generated by your account to acquire a wide range of services and products, including services which might also benefit other clients.

We may receive services or products that a broker/dealer is willing to provide for soft dollars that have not only a "research" application, but are also useful to us for non-"research" purposes. In these cases, we may allocate the cost of the product or service between its research and non-research uses and pay only the research portion with soft dollars. The non-research portion would then be paid for with "hard dollars" (i.e., cash). Our interest in determining the allocations may differ from your interests in that we have an incentive to designate as great a portion of the cost as research as possible in order to permit payment with soft dollars.

Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker/dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research". This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

How We Use Soft Dollars

We anticipate using soft dollars for technology that enhances research or the client's financial plan. We have not yet generated or used any soft dollars.

Soft Dollar Procedures

During our last fiscal year, ended December 31, 2010, we did not use soft dollars. We anticipate that we will begin to use them in the second quarter of 2011.

A broker/dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker/dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker/dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker/dealer from receiving business simply because the broker/dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker/dealer as we would have paid had the broker/dealer provided such products and services.

ITEM 13: REVIEW OF ACCOUNTS

Investment Management Clients

We meet with our clients as often as necessary. During the first year we may meet with you one or two times to review your account, statement and investment reports. After that, we typically meet with our clients at least annually to review the portfolio.

One of our CERTIFIED FINANCIAL PLANNER™ practitioners will review client accounts. Our CFP® practitioners are experts in retirement planning, investments, insurance, college funding, tax planning and estate planning issues.

The NewFocus Financial investment policy committee consists of over 80 combined years of investment experience to help you achieve your financial goals. Our investment policy team includes Chad Burton CFP®, Brad Stacey CFP®, Patrick Mason CFP®, and market strategy input from Rob Black.

Your account will be traded to a designated model. The individual holdings are monitored daily and the model allocation is reviewed weekly by the Investment Policy Committee.

We work as a team which ensures that there will always be someone who is available for you to talk with who is familiar with you and your personal needs.

On a quarterly basis we will provide you with a quarterly appraisal report for your account(s), which includes an asset allocation detail for your account. We will also send you our newsletter with market and portfolio commentary. These regular updates are meant to keep you updated on our thinking, investment strategy and changes to your portfolio.

We report account performance to you at least annually, if not more frequently.

Financial Planning Clients

We meet with our clients as often as necessary. During the first year we may meet with you one or two times to review your account, statement and investment reports. After that, we typically meet with our clients at least annually to review the portfolio.

For our financial planning clients we typically provide financial plan updates each year. These updates usually include an updated net worth statement, tax projections, cash flow analysis, updated retirement projections and discussion centered around any other planning issues that need to be addressed.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Other Compensation

As disclosed in “Item 12: Brokerage Practices,” we participate in TD Ameritrade’s institutional customer program and we may require that clients use TD Ameritrade for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to you, although we receive economic benefits through our 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):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving investment advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- 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 to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to NewFocus by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit NewFocus but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help NewFocus manage and further develop its business enterprise. The benefits received by NewFocus or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Client Referrals

We do not directly or indirectly compensate anyone for client referrals.

ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." You will also receive quarterly statements directly from custodian of the account that details all transactions in the account. We also urge you to compare TD Ameritrade's account statements to the periodic portfolio reports you will receive from us.

ITEM 16: INVESTMENT DISCRETION

As one of the conditions of managing your account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of

attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

Client may request in writing reasonable restrictions on the management of the account. In no event will NewFocus or its Affiliates be obligated to affect any transaction for Client which would violate applicable federal or state law, or rule or regulation of any regulatory or self-regulatory body.

ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf and we do not provide guidance about how to vote proxies. You will receive proxies and other related paperwork directly from your custodian.

ITEM 18: FINANCIAL INFORMATION

We do not charge or solicit pre-payment of more than \$500 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.