

Item 1. Cover Page

**Brochure of
AKJ Asset Management, LLC**

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This brochure provides information about the qualifications and business practices of AKJ Asset Management, LLC (“AKJ”). If you have any questions about the contents of this brochure, please contact us at 650-326-9090. 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 AKJ also is available on the SEC’s website at www.adviserinfo.sec.gov.

Although AKJ is a “Registered Investment Adviser,” that registration does not imply a certain level of skill or training.

Item 2. Material Changes

Not applicable.

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Item 4. Advisory Business

AKJ is a California limited liability company that has been in business since 2007, when AKJ's principals converted the firm to an LLC from a partnership (that had been in business since 1989). It serves as the investment adviser to many clients. AKJ's managers, controlling owners and primary portfolio managers are Paul G. Resnick and Kenneth R. Bilodeau, Jr. As of December 31, 2011, AKJ had total discretionary assets under management of approximately \$184 million and total non-discretionary assets under management of approximately \$9 million.

AKJ offers advisory services which include the following: (1) reviewing the client's financial situation and circumstances and suggesting and monitoring investments on both a discretionary and nondiscretionary basis, (2) advising clients on existing investments in both publicly traded securities and non-publicly traded securities, (3) providing quarterly reports to clients on investment holdings, and (4) advising clients on personal financial planning. The primary focus of the business is investment management on both a discretionary and nondiscretionary basis. Within this context, AKJ is a general financial advisor with a primary focus on individual client accounts and pension accounts. Although AKJ may provide advice regarding insurance products, AKJ does not receive any fees related to the sales of such products, but only its regular investment advisory fees.

AKJ also provides cash management services to small businesses and provides advice to businesses regarding individual management of selected retirement plans (including 401(k) plans).

AKJ may also review proposed investments in small companies and venture capital partnerships that a client brings to AKJ for advice. AKJ does not seek such investments to propose to clients.

To tailor its services to the individual needs of each individually managed account, AKJ:

- Manages each such account based on the client's financial situation and investment objectives and in accordance with any restrictions that the client imposes on managing the account. AKJ obtains this information from a client in a questionnaire or otherwise.
- Notifies each client quarterly in writing to contact AKJ if there are any changes in the client's financial situation or investment objectives, or if the client desires to impose or modify any restrictions on managing the account.
- AKJ makes itself reasonably available to clients for consultation.

Item 5. Fees And Compensation

Compensation to AKJ generally takes one of the following forms: (1) the greater of an annual fee of \$3,000 to \$5,000 or annual fees of up to 2% of assets under management, charged on a quarterly basis in advance, based on account valuations at the end of the previous quarter (in some cases, fees may be billed in arrears); (2) fixed fees for investment management, with such annual fees not to exceed 2% of the client's assets (this method of charging may be used as a convenience when quarterly valuation is difficult for various reasons); and (3) fixed fees for personal business management services as negotiated with a client.

Investment advisory fees are generally based on the following criteria: (a) size of the account; (b) whether the account is discretionary or nondiscretionary; (c) the nature of investments (fees are generally lower for accounts that are all or predominantly fixed-income securities); and (d) other services required.

All fees are subject to negotiation. AKJ believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees than those charged by AKJ.

The client or AKJ may terminate an individually managed account by giving 30 days' written notice. In most cases, expenses and the pro rata portion of the annual fee through the date of termination are charged to the client. On termination, prepaid but unearned advisory fees are refunded to the client.

AKJ typically deducts its fees directly from client accounts but may bill a client for such amounts on request.

Accounts that invest in mutual funds also pay, indirectly, investment advisory fees to the managers of those funds.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions and custody, clearing and settlement charges).

Item 6. Performance-Based Fees And Side-By-Side Management

AKJ currently manages only accounts that pay asset-based Management Fees as described in Item 5. It does not manage accounts that pay performance-based compensation.

Item 7. Types Of Clients

AKJ Provides investment advice primarily to individuals, non-profit organizations, trusts, endowments and retirement plans. AKJ generally requires a minimum investment of \$300,000 to open an individually managed account, or a group of affiliated accounts, but the minimum may be waived by AKJ in its discretion.

Item 8. Methods Of Analysis, Investment Strategies And Risk Of Loss

Investment Strategy

AKJ's approach to managing client assets attempts to combine growth of assets with preservation of client capital. AKJ typically does this by structuring balanced portfolios, investing in both stocks and fixed income vehicles. AKJ attempts to maintain portfolio stability with the income portion of a portfolio and obtain long-term growth from the equity portion. AKJ believes a portfolio should be composed solely of liquid investments.

AKJ makes an effort not to become prisoners of the sometimes narrow vision of the investment markets characterized by conventional Wall Street thinking, which AKJ believes is increasingly dominated by short-term objectives. AKJ attempts to discern long-term trends and values among the equities it follows and stick with them irrespective of short-term market fluctuations.

AKJ's approach to the selection of securities for its clients' portfolios combines elements of both growth and value investment styles. AKJ emphasizes larger companies with proven records and management, but is not averse to buying smaller companies if they have the management and business profile AKJ is seeking, or fall within the category of "special situations".

Although most of the companies AKJ buys pay dividends, there are stocks which meet AKJ's other investment criteria and are appropriate for AKJ's clients but don't pay dividends. AKJ believes diversification is important, but is not compelled to maintain a standard of having "one of everything". AKJ also believes there are frequently economic considerations which dictate concentrations in particular industry groups.

AKJ maintains a "buy list" of securities approved for purchase in client portfolios with formal high and low, buy and sell prices. These are continuously monitored with computerized "alarms". All securities on AKJ's buy list must be approved by both of AKJ's Managers. Additions and deletions are based on formal reviews, including investment rationale and price objectives.

AKJ's principals meet regularly to review the underlying assumptions of AKJ's investment outlook and the securities on its buy list. AKJ follows a wide variety of investment research and then brings its own judgments to bear on the conclusions of others concerning both individual securities and the economy as a whole. AKJ maintains a heightened degree of skepticism, and tries not to be swayed by the emotions of the moment. Among the many strengths of a firm-wide approach to managing AKJ's clients' accounts (as opposed to each client's account manager "doing his own thing") is the added perspective gained from the viewpoints of more than one person. All AKJ personnel are professionals and are involved in the research process. AKJ's staff have varied and complementary undergraduate and graduate degrees. Because AKJ's principals have had different educational and professional experiences prior to starting or joining the firm, they also bring a diversity of thought to AKJ's decisions on investments.

Finally, AKJ repeatedly stresses to its clients that the way to invest is to set long-term goals and evaluate results over the long-term. That philosophy is the hallmark of AKJ's investment approach.

The investment strategies summarized above represent AKJ's current intentions, are general in nature and are not exhaustive. Subject to the terms of each client's agreement, there are no limits on the types of securities in which AKJ may take positions on behalf of its clients, the types of positions it may take, the concentration of its investments or the amount of leverage that it may use. AKJ may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, AKJ may pursue any objectives or use any techniques that it considers appropriate and in the interest of its clients.

Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that AKJ

manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. A potential client should discuss with AKJ's representatives any questions that such person may have before opening an account.

- Client accounts may not achieve their investment objectives. An account strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect an account's investments.
- An account may hold stocks that disappoint earnings expectations and decline.
- AKJ may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. AKJ also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- AKJ may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- AKJ may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- AKJ may use leverage by borrowing on margin.
- Counterparties such as brokers, dealers, custodians and administrators with which AKJ does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- AKJ may cause clients to invest in securities of non-U.S. issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses.

- Some of an account's positions may be or become illiquid, in which case AKJ may not be able to sell such positions.
- An account's investments may not be diversified.
- AKJ and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached AKJ's fiduciary duty to the client or investor.
- No client has been represented in connection with the services of AKJ by counsel to AKJ. Clients must hire their own counsel for legal advice and representation.
- Federal, state and international governments may increase regulation of investment advisers.

The above is only a brief summary of some of the important risks that a client or investor may encounter. Before deciding to invest in an account that AKJ manages, you should consider carefully all of the risk factors and other information.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities And Affiliation

Not Applicable.

Item 11. Code Of Ethics, Participation Or Interest In Client Transactions And Personal Trading

AKJ has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for AKJ's supervised persons. The Code of Ethics includes general requirements that AKJ's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons periodically to report their personal securities transactions and holdings to AKJ's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of AKJ receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of AKJ's Code of Ethics by contacting Paul G. Resnick at AKJ.

Under AKJ's Code of Ethics, AKJ and its officers managers, members and employees may personally invest in securities of the same classes as AKJ purchases for clients and may own securities of issuers whose securities that AKJ subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual

or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, if AKJ purchases or sells a security for clients and any of AKJ and its officers managers, members and employees on the same day, either the clients and AKJ and its officers managers, members and employees pay or receive the same price, or the clients receive the more favorable price. AKJ and its officers managers, members and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which AKJ does not believe appropriate to buy or sell for clients.

Because AKJ manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, AKJ selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. AKJ may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. AKJ attempts to resolve all such conflicts in a manner that is generally fair to all of its clients. AKJ may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is AKJ's policy, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. AKJ is not obligated to acquire for any account any security that AKJ or its officers managers, members or employees may acquire for its or their own accounts or for any other client, if in AKJ's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Item 12. Brokerage Practices

Each client has complete discretion in selecting the broker that AKJ uses for client transactions and the commission rates that the client pays such brokers. In recommending a broker for any transaction or series of transactions, AKJ may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering to AKJ on-line access to computerized data regarding clients' accounts; and
- computer trading systems.

AKJ may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research services, including third-party research fees;

- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- recommendations;
- research conferences;
- general reports;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges;
- quotation services; and
- custody, recordkeeping and similar services.

AKJ may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms or direct a brokerage firm that executes transactions to share some of its commissions with a brokerage firm that provides soft dollar benefits to AKJ.

AKJ may allocate the costs of certain computer equipment and software used for both research and non-research purposes between their research and non-research uses, and use soft dollars to pay only for the portion that AKJ allocates to research uses.

AKJ may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. AKJ determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or AKJ's overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from AKJ's brokerage relationships benefit AKJ's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct AKJ to use a broker that does not provide AKJ with soft dollar services. AKJ does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

AKJ's relationships with brokers that provide soft dollar services influence AKJ's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not and in allocating the costs of mixed-use products between their research and non-research uses. AKJ has an incentive to select or recommend a broker based on AKJ's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that AKJ uses soft dollars to pay expenses it would otherwise be required to pay itself.

AKJ has addressed these conflicts of interest by annually evaluating the trade execution services that AKJ receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. AKJ considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

AKJ may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that AKJ manages or with accounts of its affiliates. In such event, AKJ may charge or credit a client, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if AKJ were not executing similar transactions concurrently for other accounts. AKJ may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

AKJ may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective clients. Directing brokerage to a broker in exchange for client referrals creates a conflict of interest in that AKJ has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct its brokerage transactions. During its last fiscal year, AKJ did not direct client transactions to a particular broker in return for client referrals.

If a client directs AKJ to use a specific broker and AKJ has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker, AKJ is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs AKJ to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if AKJ had discretion to select broker-dealers other than those that the client chooses.

Item 13. Review Of Accounts

AKJ's portfolio managers review all accounts quarterly. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. Quarterly reports, including positions, realized gains and losses and cash balances, are provided to all clients, except those whose contracts do not provide for such reports.

Item 14. Client Referrals And Other Compensation

AKJ may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and AKJ complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Item 15. Custody

The custodian of each individually managed account sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from AKJ, if any.

Item 16. Investment Discretion

AKJ typically has discretionary authority to manage securities accounts on behalf of clients pursuant to a limited power of attorney in each other client's account agreement. Such discretion is limited by the requirement that clients advise Manager of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify AKJ in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct AKJ to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify AKJ at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

Item 17. Voting Client Securities

AKJ does not have authority to vote proxies on behalf of its client accounts.

Item 18. Financial Information

Not Applicable.

Item 19. Requirements For State-Registered Advisers

Not applicable.

Privacy Policy

Each client's relationship with AKJ is of the highest importance to AKJ. AKJ understands the importance of each client's privacy and the security of the information relating to each client and client account. To properly serve each client, it is necessary for the client to provide AKJ personal financial information to ensure that the client's account is managed in a manner consistent with the client's investment objectives and personal financial goals. AKJ feels it is important for the client to know that it is the policy of AKJ that AKJ does not disclose any non-public personal information about a client to anyone while that client is an active or inactive client, except as required or permitted by law. Any information that AKJ receives from a client on items such as AKJ's investment advisory contracts, custodial account applications or information about the client's securities transactions with AKJ or other advisory firms, and broker/dealers, who may be providing financial services to the client, will be kept strictly confidential, except as required or permitted by law. In addition, employees with personal

information relating to a client account may not disclose client account information except for business use. AKJ maintains physical, electronic, and procedural safeguards to protect its clients' non-public personal information.

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