

# ADV Part II

## Item 1 – Cover Page

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**This brochure provides information about the qualifications and business practices of McMannama & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 402-493-6300. 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 McMannama & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

The last annual update to our brochure was January 28, 2011. There have been material changes to McMannama & Associates, Inc. policies or practices.

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document we provide to clients as required by applicable rules and regulations.

This Disclosure Brochure dated March 6, 2012 is an updated document. McMannama & Associates, Inc. closed the Capital Appreciation Trust on December 31, 2011. All references to Capital Appreciation Trust have been removed from this disclosure brochure.

In the past we have offered or delivered information about our firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

McMannama & Associates, Inc. is an investment advisory firm dually registered with the Securities and Exchange Commission and the State of Nebraska. The firm was founded on August 3, 1984 and registered as an investment advisor on September 12, 1984. The sole owner and control person of McMannama & Associates, Inc. is John W. McMannama.

### **Description of Advisory Business**

We provide professional investment management to corporate and individual clients. Investment management services involve providing clients with continuous and on-going supervision over their accounts. This means we will continuously monitor a client's account and make trades in client accounts when necessary (see Item 16 – Investment Discretion of this Disclosure Brochure). Through this service, McMannama & Associates, Inc. implements a customized and individualized investment program for clients by applying our investment strategy and philosophy (as described below and in Item 8 of this Disclosure Brochure).

Investment management services are provided through accounts owned by the client and held at qualified custodian which will maintain physical custody of the client's funds and securities (see Item 12 – Brokerage Practices and Item 15 – Custody for more information). You must designate McMannama & Associates, Inc. as your investment advisor on the accounts you'd like McMannama & Associates, Inc. to manage. McMannama & Associates, Inc. will be granted limited power-of-attorney on the account to implement trades within the account and (when agreed to by the client) deduct the appropriate McMannama & Associates, Inc. advisory fees from the account.

Clients are always responsible for notifying McMannama & Associates, Inc. of any material changes to their financial situation or investment objectives. At least annually, we will contact each client for the specific purpose to determine whether the client's financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting (see Item 17 – Voting Client Securities for more information regarding our firm's proxy voting policies and procedures), and receive transaction confirmations).

It is important that you understand that McMannama & Associates, Inc. manages investments for other clients and may give them advice or take actions for them or for our own personal accounts that is different from the advice we provide to you or actions we take for you. Our firm is not obligated to buy, sell or recommend to you any security or

other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Services provided include management of employee benefit plans, corporate investment accounts, foundation investment accounts, cash management, and executive investment counseling.

**Equity Management** - McMannama & Associates, Inc. uses a disciplined and conservative approach to equity investing, emphasizing a long-term commitment to the Stock Market.

Our approach is fundamental in nature, rather than technical. We are most concerned with relative earnings - past, current and projected. In addition, we are sensitive to the debt to equity ratio, the payout ratio, the price to earnings ratio and the return on equity. These financial measures of a company represent some, but not all of the statistical considerations we evaluate and monitor on an on-going basis.

**Fixed Income Management** - The fixed income portion of your portfolio is used to provide stable, consistent returns while reducing the overall risk level. We buy only investment grade fixed income securities. These fixed income securities consist of U.S. Treasury Obligations, U.S. Agency Obligations, Municipal Bonds, Corporate Bonds and Certificates of Deposit.

### **Exchange Traded Funds**

McMannama & Associates, Inc. may use and give advice on the use of "Exchange Traded Funds" to allow our clients to participate in sectors such as international investing, small capitalized companies, mid capitalized companies, market indexes, precious metals, oil and gas interest, real estate and fixed income obligations.

### **Mutual Funds Management**

McMannama & Associates, Inc. will give advice on the use of mutual funds as an investment vehicle and may make sell recommendations when we deem it appropriate due to market conditions.

**Cash Management** - Another important aspect of an investment portfolio is the management of those funds held as liquid assets or cash. These funds may represent a significant portion of the assets of your funds at any particular time. It is important that you receive the highest available return from these short-term funds.

Individual clients receive comprehensive investment counseling tailored to their specific goals and objectives. The following client characteristics are carefully evaluated before any recommendations are implemented.

- Emotional Risk Tolerance: How much variability of return is the client emotionally **willing** to assume in their portfolio?
- Financial Risk Tolerance: How much variability of return is the client financially **capable** of withstanding in their portfolio?
- Income Requirement: How much after tax income, if any, does the client **require** from their portfolio AND with what frequency, i.e. monthly quarterly, annually?
- Inflation Expectation: What does the client believe the outlook for inflation holds, as measured by the Consumer Price Index?
- Taxes: What is the tax bracket for the client, at both the Federal and the State level?
- Time Horizon: What is the time horizon for the client OR are there multiple time horizons?
- Liquidity: What level of liquidity, or readily available cash, if any does the client need to keep readily available for unexpected needs?
- Marketability: What proportion of the client's assets should be kept in readily marketable assets vs. longer term illiquid assets?

The next step within this process is to begin to integrate the above inputs within the actual asset allocation strategy:

|              | <u>Very<br/>Conservative</u> | <u>Moderate<br/>Conservative</u> | <u>Moderate</u> | <u>Moderate<br/>Aggressive</u> | <u>Very<br/>Aggressive</u> |
|--------------|------------------------------|----------------------------------|-----------------|--------------------------------|----------------------------|
| Cash         | 20%                          | 15%                              | 10%             | 5%                             | 5%                         |
| Fixed Income | 55%                          | 45%                              | 30%             | 15%                            | 5%                         |
| Equities     | 20%                          | 30%                              | 45%             | 65%                            | 75%                        |
| Alternative  | 5%                           | 10%                              | 15%             | 15%                            | 15%                        |
| Total        | 100%                         | 100%                             | 100%            | 100%                           | 100%                       |

Our clients may impose restrictions on investing in certain securities or types of securities by notifying us in writing.

The additional services offered to our clients include:

- Charitable Gifting (through the Omaha Community Foundation, et al.);
- Foreign Currency exchange for global excursions;
- Tax and year-end planning with your CPA providing detailed transaction journals;
- Meet with your attorneys for estate planning and annual asset listing updates;
- Discreetly advise and direct ongoing 529(b) plans for children & grandchildren;
- Advise and direct ongoing family gifting programs
- Advise on foreign investments
- Advise on real estate investments

McMannama & Associates, Inc. limits our advice to the securities described above.

McMannama & Associates, Inc. generally does not provide advice on variable annuities.

McMannama & Associates, Inc. does not participate in any wrap fee programs.

#### **Client Assets Managed by McMannama & Associates, Inc.**

McMannama & Associates, Inc. total assets under management as of December 31, 2011 are \$58,870,547. Assets managed on a discretionary basis only are \$39,432,498.

### **Item 5 – Fees and Compensation**

Our fees for investment supervisory services and management of investment advisory accounts will not exceed 1.5% per year of the market value of assets under management.

Generally, the basic fee schedule is as follows:

- 1.5% per year on accounts up to \$500,000 market value of assets.
- 1.0% per year on next \$500,000 market value of assets.
- 3/4 of 1% per year on next \$1,000,000 market value of assets.
- 1/2 of 1% per year on amounts over \$2,000,000 market value assets.

Our fees may be negotiated, subject to the size and complexity of your account. The specific fee you will be charged will be detailed in our agreement for services.

Annual fees are divided and billed quarterly in arrears at the end of each calendar quarter (March, June, September and December) in which services are provided. For initial and ending quarters, fees are pro-rated based on the actual number of days services are provided during those quarters.

Normally our fees are deducted quarterly from the client's assets by written prior authorization (See Item 15 – Custody of this Disclosure Brochure). Clients may request that fees be direct billed.

If your account ends prior to the end of the quarter, fees will be prorated on a daily basis for services rendered to the date of termination. We will use the date of termination to determine the market value of your account for the purpose of calculating the final fee.

Regardless of the above fee schedule, a yearly minimum fee of \$2,000 per client will be payable to McMannama & Associates, Inc. and billed to the client in quarter installments. In the event the fees established by the fee schedule do not equal or exceed the minimum fee, then the minimum fee shall be payable to McMannama & Associates, Inc. in lieu of all other fees.

Brokerage commissions and/or transaction ticket fees are expenses passed through to the client from the respective custodians. McMannama & Associates, Inc. will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than McMannama & Associates, Inc. in connection with investments made through the account, including but not limited to, custodial fees, and IRA and qualified retirement plan fees. Management fees charged by McMannama & Associates, Inc. are separate and distinct from the fees and expenses charged by the broker/dealer and qualified custodian. Please refer to Item 12 – Brokerage Practices and Item 15 - Custody for more information.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because McMannama & Associates, Inc. does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

McMannama & Associates, Inc. provides professional investment management to corporations, foundations and individual clients.

Advisory services provided to corporate clients include management of employee benefit plans, corporate investment accounts, cash management, and executive investment counseling.

Advisory services provided to foundations include management of investment accounts and cash management.

Advisory services provided to individual clients include IRA, Roth, trust and individual accounts.



The minimum account size generally accepted is \$500,000. However, smaller accounts are accepted under certain circumstances.

All clients must execute an agreement for services prior to working with McMannama & Associates, Inc.

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

### **Equities Management**

**Investment Strategies:** McMannama & Associates, Inc. believes that well-managed, large-capitalized growth common stocks with solid fundamentals will ultimately yield superior performance over time. Because of this, we believe the most important factor for the valuation of a company is its earning capability. The underlying return that management generates for the shareholder will ultimately, we believe, be reflected in the market prices of the stocks we recommend to our clients.

**Method of Analysis:** The investment committee uses a top-down approach to equity investing. We look at the broad economic outlook, and then focus on economic sectors, drilling down to industry considerations and finally evaluating individual stocks based on their fundamental merits. All decisions and research are ultimately evaluated internally, however, not in a vacuum. McMannama and Associates uses many varied inputs to formulate its economic outlook. No single outside analyst dominates the equity investment philosophy. This methodology ultimately results in our existing “buy list” currently comprised of 55-65 high quality equities and our “watch list” which is also comprised of approximately 35-40 equities. We are most concerned with relative earnings - past, current and projected. We are sensitive to the debt to equity ratio, the payout ratio, the price to earnings ratio and the return on equity. These financial measures of a company represent some, but not all of the statistical considerations we evaluate and monitor on an on-going basis.

**Risks:** You may lose money in your equity portfolio.

- This is due to short-term market movements and over longer periods due to market downturns.
- Equities may lose value due to economic trends or due to factors that affect a particular industry.
- Any equity may lose value due to their poor management decisions, competitive pressures, changes in technology, disruptions in supply, corporate restructurings, or fraudulent disclosures.
- An equity may decide to reduce or eliminate dividends, which may cause their stock prices to decline.
- Inflation may erode the investment value of any given financial asset.

## **Fixed Income Management**

**Investment Strategies:** The fixed income portion of your portfolio is used to provide stable, consistent returns while reducing the overall risk level. The maturities of the fixed income investments in your portfolio are "laddered" to spread the risk across the yield curve and provide necessary liquidity for your future requirements.

**Method of Analysis:** McMannama & Associates, Inc. uses the yield curve to evaluate the interest rate environment. This will show the market rates of interest for bonds of different maturities with similar credit ratings. The average maturity of your portfolio will vary depending on our forecast of interest rates. The investment committee uses a top-down approach to fixed income investing. We look at the broad economic outlook, then sectors and industries. This process will yield the appropriate mix between government (treasuries and agencies) bonds, certificates of deposit, corporate obligations, and municipal bonds. As with the equity evaluation process, the fixed income determinants guide the investment committee to make commitments in bonds which is driven first and foremost by quality determinations, then by maturity mandate in light of the capital market outlook and the client needs.

**Risks:** You may lose value in your fixed income portfolio. Bond holders in general are subject to three kinds of risk.

- Credit risk is the risk that the issuer can not make interest and principal payments. Standard and Poor's and Moody's rate bonds. McMannama & Associates, Inc. only buys investment grade bonds.
- Interest rate risk is the risk that rising interest rates will cause bond prices to fall. Long-term maturities and low coupon rate bonds are most exposed to this risk.
- Inflation risk is the risk that inflation will lower the purchasing power of the interest received from your fixed income investments.

## **Cash Management**

**Investment Strategies:** Another important aspect of an investment portfolio is the management of those liquid assets held as money market funds.

**Method of Analysis:** The money market fund of an investment portfolio may represent a significant component at any given time. In addition, there may be funds awaiting investment because of contributions, sale proceeds from other assets, maturities and other factors. Therefore, it is important that you receive the highest available return from these short-term funds. These funds, when properly managed, can provide a positive, stable investment return while significantly reducing fluctuations in your portfolio.

**Risks:** Client losses in money market funds are rare, but they are possible.

- Money market fund rates are variable. Clients do not know how much they may earn on their investment next month.

- A final risk you are taking with money market funds has to do with inflation. Over long periods of time, inflation can reduce future purchasing power.

### **Exchange Traded Funds**

**Investment Strategies:** McMannama & Associates, Inc. may use and give advice on the use of "Exchange Traded Funds" to allow our clients to participate in sectors such as international investing, small capitalized companies, mid capitalized companies, market indexes, precious metals, oil and gas interest, real estate and fixed income obligations.

**Method of Analysis:** The investment committee uses a top-down approach to exchange traded funds investing. We look at the broad economic outlook, and then focus on geographic regions, economic sectors, industry considerations and finally evaluate individual exchange traded funds based on their fundamental merits. All decisions and research are ultimately evaluated internally, however, not in a vacuum. McMannama and Associates uses many varied inputs to formulate its economic outlook. No one single outside analyst dominates the exchange traded funds investment philosophy. We believe the use of exchange traded funds provides a very cost efficient strategy to invest in market sectors otherwise not accessible to non-institutional investors. Used in conjunction with equities and fixed income, our methodology offers our clients the best of both worlds: active management to take advantage of market opportunities and exchange traded funds to replicate those indexes we believe offer the greatest value at the current time.

**Risks:** You may lose value in your exchange traded fund portfolio.

- Individual exchange traded funds are subject to the same market risks as the index or sector they are designed to track.
- An equity exchange traded fund may lose value due to economic trends or due to factors that affect a particular industry.
- Equity exchange traded funds and fixed income exchange traded funds are subject to the same risks noted in the equity and fixed income sections above.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from

losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produced the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

Neither McMannama & Associates, Inc. nor its personnel has been involved in any legal or disciplinary events. No disciplinary events have been recorded by the State of Nebraska or the SEC. No client has threatened McMannama & Associates, Inc. or its personnel with disciplinary activities.

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

McMannama & Associates, Inc. is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

McMannama & Associates, Inc. is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5)

banking or thrift institution, (6) accountant or accounting firm, (7) pension consultant, (8) real estate broker or dealer, (9) sponsor or syndicator of limited partnerships, (10) insurance company, or (11) law firm.

## **Item 11 – Code of Ethics, Participation in Client Transactions & Personal Trading**

McMannama & Associates, Inc. has adopted a written Code of Ethics covering all supervised persons. Our firm's Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions.

### **Code of Ethics**

McMannama & Associates, Inc. has adopted procedures to implement the firm's policy on personal securities transactions and our Code of Ethics. We conduct reviews to monitor and ensure the firm's policy is observed, implemented properly and amended, as appropriate, which include the following:

- The Chief Compliance Officer, John W. McMannama, annually distributes the current Code of Ethics to all supervised persons and to all new supervised persons upon hire.
- Each supervised person must acknowledge receipt of the firm's Code of Ethics initially upon hire and annually and return a signed acknowledgement form to the Chief Compliance Officer.
- The Chief Compliance Officer, with all personnel, annually reviews the firm's Code of Ethics and updates the Code of Ethics as may be appropriate.
- The Chief Compliance Officer periodically reviews access persons' personal transactions/holdings reports.
- The Chief Compliance Officer, or his/her designee, retains relevant Code of Ethics records as required, including but not limited to, Codes of Ethics, as amended from time to time, acknowledgement forms, initial and annual holdings reports, quarterly reports of personal securities transactions, violations and sanctions, among others.
- The firm provides initial and periodic education about the Code of Ethics, and each person's responsibilities and reporting requirements, under the Code of Ethics.
- The firm's Disclosure Brochure is periodically reviewed by the Chief Compliance Officer to appropriately disclose a summary of the firm's Code of Ethics.
- The Chief Compliance Officer is responsible for receiving and responding to any client requests for the firm's Code of Ethics and maintaining required records.

### **Conflicts of Interest**

No supervised person may trade, either personally or on behalf of others (such as investment funds and private accounts managed by McMannama & Associates, Inc.), while in the possession of material, nonpublic information, nor may any

personnel of McMannama & Associates, Inc. communicate material, nonpublic information to others in violation of the law.

## 1. What is Material Information?

Information is material where there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, this includes any information the disclosure of which will have a substantial effect on the price of a company's securities. No simple test exists to determine when information is material; assessments of materiality involve a highly fact-specific inquiry. For this reason, you should direct any questions about whether information is material to John W. McMannama.

Material information often relates to a company's results and operations, including, for example, dividend changes, earnings results, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments.

Material information also may relate to the market for a company's securities. Information about a significant order to purchase or sell securities may, in some contexts, be material. Prepublication information regarding reports in the financial press also may be material. For example, the United States Supreme Court upheld the criminal convictions of insider trading defendants who capitalized on prepublication information about The Wall Street Journal's "Heard on the Street" column.

You should also be aware of the SEC's position that the term "material nonpublic information" relates not only to issuers but also to McMannama & Associates, Inc.'s securities recommendations and client securities holdings and transactions.

## 2. What is Nonpublic Information?

Information is "public" when it has been disseminated broadly to investors in the marketplace. For example, information is public after it has become available to the general public through the Internet, a public filing with the SEC or some other government agency, the Dow Jones "tape" or The Wall Street Journal or some other publication of general circulation, and after sufficient time has passed so that the information has been disseminated widely.

### 3. Identifying Inside Information

Before executing any trade for yourself or others, including investment funds or private accounts managed by McMannama & Associates, Inc. (“Client Accounts”), you must determine whether you have access to material, nonpublic information. If you think that you might have access to material, nonpublic information, you should take the following steps:

- Report the information and proposed trade immediately to the Chief Compliance Officer.
- Do not purchase or sell the securities on behalf of yourself or others, including investment funds or private accounts managed by the firm.
- Do not communicate the information inside or outside the firm, other than to John W. McMannama.
- After John W. McMannama has reviewed the issue, the firm will determine whether the information is material and nonpublic and, if so, what action the firm will take.

You should consult with John W. McMannama before taking any action. This high degree of caution will protect you, our clients, and the firm.

#### **Personal Employee Transactions**

Officers and employees of McMannama & Associates, Inc. and/or members of their immediate families may own, at any given point in time, some of the same securities owned by the clients of the firm. Officers and employees of the firm may from time to time be included in existing block trades. (See Item 12B)

#### **Code of Ethics for Personal Employee Transactions**

Our Code of Ethics establishes rules of conduct for all employees of McMannama & Associates, Inc. and is designed to, among other things; govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which an employee has a beneficial interest. The Code is based upon the principle that McMannama & Associates, Inc. and its employees owe a fiduciary duty to McMannama & Associates, Inc.'s clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

#### **Conflicts of Interest**

It is the policy of McMannama & Associates, Inc. to always put the interests of their client's business before their own personal transactions. We have the following duties:

- The duty to be loyal to the client

- The duty to have a reasonable and objective basis for investment recommendations
- The duty to make sure that any investment recommendations are appropriate considering the client's financial objectives, needs and situation
- The duty to ensure best execution for securities transactions, if the Investment Advisor can direct such transactions

In December 2007, John W. McMannama joined MoneySunk Investors, an investment club organized in the state of Nebraska. Mr. McMannama's initial ownership position was less than 5% of the net asset value of the investment portfolio of MoneySunk Investors. As an active member of the investment club, Mr. McMannama may make purchase or sale recommendations of securities owned by the clients of McMannama & Associates, Inc. which may also be owned by the investment club.

A complete copy of the "Code of Ethics" for McMannama & Associates, Inc. will be provided to any client or prospective client upon written request.

## **Item 12 – Brokerage Practices**

As an investment advisory firm, McMannama & Associates, Inc. has a fiduciary and fundamental duty to seek best execution for client transactions.

For those accounts held in trust at commercial banks or Merrill Lynch Money Manager Services, McMannama & Associates, Inc., will select a broker to execute trades. The criteria for selecting a broker includes, but is not limited to, quality of execution, availability and timeliness of equity and fixed income research; and of course, reasonableness of commission rates.

A relationship has been established for the custody of clients' assets with Merrill Lynch Money Manager Services whereby McMannama & Associates, Inc. has established a master account with sub-accounts for clients. With this arrangement, block trades can be made in the master account with journal entries then being made to the appropriate client sub-accounts. The use of block trades allows for lower commission rates which accrue to the benefit of the client.

### **Research and Other Soft Dollar Benefits**

McMannama & Associates, Inc. as a matter of policy does utilize research, research-related products and other brokerage services on a soft dollar commission basis. McMannama & Associates, Inc.'s soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. McMannama & Associates, Inc. also maintains soft dollar arrangements for those research products and services which assist McMannama & Associates, Inc. in its investment decision-making process.

In the event McMannama & Associates, Inc. obtains any mixed-use products or services on a soft dollar basis, McMannama & Associates, Inc. will make a reasonable allocation



of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions and the non-eligible portion, e.g., computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor will be paid for with McMannama & Associates, Inc.'s own funds. For any mixed-use products or services, McMannama & Associates, Inc. will maintain appropriate records of its reviews and good faith determinations of its reasonable allocations

McMannama & Associates, Inc. periodically reviews the firm's soft dollar arrangements, budget, and allocations and updates the firm's policy to accurately reflect the firm's policies and practices.

McMannama & Associates, Inc. has initiated a soft dollar arrangement with Bank of America Merrill Lynch-GCM. This arrangement calls for soft dollar research services qualified under SEC Rule 28 (e). On a ratio not to exceed two to one, commission dollar credits are used to obtain independent, third party research services beneficial to all accounts and not merely the accounts actually paying the commission dollars. Additionally, while the research services may be of benefit to all of its clients, not all of the research may benefit the account for which the particular transaction was effected. This research includes periodicals and publications used to stay current on business conditions; software used for research purposes and investment analysis; on-line computer services used for investment related services such as securities prices, earnings estimates and other financial news; fixed income research, and computer hardware and software allowing the firm to become more efficient and have greater access to all research services. It is not expected that clients will pay commissions higher than those available from other brokers as a result of this soft dollar arrangement. The arrangement is subject to the premise that commission discounts and quality of trade execution are judged to be as good as, or superior to, those available from other brokers utilized. Only exchange listed stocks and over the counter stocks are traded with soft dollar brokers. No principal trades are done with soft dollar brokers.

### **Mixed Use Soft Dollar Ratios**

Advent Maintenance: McMannama & Associates, Inc. acquired a Professional Portfolio System: the Axys System and Moxy System by Advent Software. A maintenance contract is annually renewed for both systems. These computer software systems are used for asset allocation decision making, investment analysis, performance calculation and portfolio accounting. McMannama & Associates, Inc. has determined that 70% of the Professional Portfolio System and the annual maintenance contract apply under section 28(e) 3 and are protected within the safe harbor insofar as the product: 1) effects securities trades and performs functions incidental thereto (i.e. clearance, settlement, and custody) or required by applicable self-regulatory organization; 2) furnishes reports that are used in conjunction with other research products (i.e. Baseline) that provide analyses on companies, industries, economic trends and corporate ratings (increases/decreases); 3) the combined reports provide assistance to McMannama & Associates, Inc. decision making process, asset allocation process, investment analysis and research; and that 30% is used for portfolio accounting and reporting. Based on that percentage allocation,

McMannama & Associates, Inc. pays 70% with soft dollar commissions and 30% with hard dollars. From time to time, McMannama & Associates, Inc. may purchase additional software capabilities from Advent Software, Inc. to meet its clients' needs.

Proxy Edge: McMannama & Associates, Inc. has also entered into an agreement with Broadridge Investor Communication Solutions, Inc. for the purpose of using the Proxy Edge platform to assist in the Proxy Voting process. McMannama & Associates, Inc. has determined that 70% of the Proxy Edge service shall provide the necessary research needed to make informed decisions when voting proxies for its clients regarding: 1) a board of directors that serves the interests of shareholders; 2) transparency and integrity of financial reporting; 3) the link between compensation and performance; 4) governance structure and anti-takeover measures; and 5) shareholder initiatives and management of the firm. Proxy Edge uses the "Glass Lewis Approach to Proxy Advice for U.S. Companies."

The Proxy Edge platform also provides an operational service. McMannama & Associates, Inc. has determined that 30% of the Proxy Edge Service shall be used for record keeping and placing proxy votes via the Proxy Edge website. Based on the indicated percentage allocation, McMannama & Associates, Inc. pays 70% of the Proxy Edge services with soft dollar commissions and 30% with hard dollars.

Interactive Data Corporation (IDC) provides McMannama & Associates, Inc. with "Miscellaneous Analytic Services". This service allows McMannama & Associates, Inc. to download pertinent security information (i.e. current price, dividend, rating and index information for equity and fixed income securities) on a monthly basis or as needed. The cost of this service is separated into hard dollar and soft dollar payments. McMannama & Associates, Inc. pays all access and LAN (Local Area Network) fees with hard dollars. The fee for the security information is paid for with soft dollars.

### **Brokerage for Client Referrals**

McMannama & Associates, Inc. does not receive client referrals from any broker/dealer.

### **Use of Other Broker/Dealers**

McMannama & Associates will place trades with broker/dealers other than the client's primary broker/dealer (for most clients Merrill Lynch is the primary broker/dealer) without the client's need to have individual accounts with the other broker/dealers. This practice provides for greater flexibility to access more fixed income products, ability to implement trades with companies that may make a market in a security, the ability to access Initial Public Offerings (IPO's), the ability to access new issue bonds, and the ability to achieve higher quality execution. This strategy is beneficial because it allows McMannama & Associates to place trades through several executing broker/dealers, yet receive centralized custody, clearing and settlement, recordkeeping and other services from one source, Merrill Lynch. McMannama & Associates' decision to use an executing broker/dealer will depend on the executing broker's respective expertise and costs. All assets will be kept in a Merrill Lynch account with all confirmations and statements generated by Merrill Lynch.

### **Advisor Directed Brokerage Arrangements**

From time to time, McMannama & Associates, Inc. will be asked to recommend a broker-dealer to a (prospective) client. If requested, McMannama & Associates, Inc. will recommend Merrill Lynch & Co., our primary custodian. Our recommendation is based on availability of commission discount, best executions, accuracy, completeness, and detail of monthly account statements.

In addition, the quality of research for equities and fixed income is subjectively evaluated as well as specific services required by the client such as special delivery of securities. The client may pay commissions higher than those obtainable from other brokers in return for the additional products and services received. Generally, all research is used in some capacity or another to benefit all accounts.

### **Commission Rates**

Commission rates are negotiated to effect the best possible rate for the client (not however, if the net effect is to give up quality of execution.) McMannama & Associate's, Inc.'s policy is to not accept advisory clients' instructions for directing a client's brokerage transactions to a particular broker-dealer. However, McMannama & Associates, Inc., as a matter of policy and practice, seeks to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

### **Client Directed Brokerage Arrangements**

While McMannama & Associates, Inc. generally recommends, and in some cases requires, the use of Merrill Lynch, a client may be allowed to select a broker/dealer or other qualified custodian of their own choosing and still participate in McMannama & Associates' services. The decision to use a broker/dealer other than those recommended by the firm must be agreed upon in writing by McMannama & Associates and the client. It should be noted that not all investment advisor firms require the use of a particular broker/dealer. Some investment advisors permit their clients to use any broker/dealer the client may want to use. When a client directs the use of a particular broker/dealer or other custodian, McMannama & Associates may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, clients with directed brokerage arrangements may have trades be placed by McMannama & Associates after effecting non-directed trades and may not be able to participate in block trades.

### **Aggregation of trades (Block Trades)**

A relationship has been established for the custody of clients' assets with Merrill Lynch Money Manager Services whereby McMannama & Associates, Inc. has established a master account with sub-accounts for clients. With this arrangement, block trades can be made in the master account with journal entries then being made to the appropriate client sub-accounts. The use of block trades allows for lower commission rates which accrue to the benefit of the client.

Generally, McMannama & Associates, Inc. will purchase or sell the same securities for

several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by McMannama & Associates, Inc. when McMannama & Associates, Inc. believes such action may prove advantageous to clients. When McMannama & Associates, Inc. aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be allocated among McMannama & Associates, Inc.'s clients in a fair and equitable manner for each client account on any given day. When McMannama & Associates, Inc. determines to aggregate client orders for the purchase or sale of securities, including securities in which the associated person of McMannama & Associates, Inc. may invest, McMannama & Associates, Inc. will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. It should be noted, McMannama & Associates, Inc. does not receive any additional compensation or remuneration as a result of aggregation.

### **Trade Error Policy**

McMannama & Associates, Inc. has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of McMannama & Associates, Inc. to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by McMannama & Associates, Inc. if the error was caused by McMannama & Associates, Inc.. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. McMannama & Associates, Inc. may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

McMannama & Associates, Inc. and its associated persons will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account, the broker/dealer will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses the broker/dealer incurs from trading errors.

## **Item 13 – Review of Accounts**

John W. McMannama, President of McMannama & Associates, Inc. completes an annual review for all client accounts. This review is comprehensive including the review of client's personal information, beneficiaries, changes of employment and health, and their financial needs and future financial requirements.

Quarterly, all accounts are evaluated concerning their portfolio performance, asset allocation, cash management, and realized and unrealized capital gains and losses. Quarterly reports are then generated and mailed to each client. We also include the McMannama & Associates, Inc. privacy notice.

Factors such as a change in our clients' financial, employment or family situation will trigger a review more frequently.

Clients will receive statements at least quarterly from the custodian (i.e. Merrill Lynch) at which their accounts are maintained. McMannama & Associates, Inc. provides performance and position reports on a quarterly or as-needed basis. Clients are encouraged to always compare reports provided by McMannama & Associates, Inc. against the accounts statements delivered from the broker/dealer-qualified custodian.

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

McMannama & Associates, Inc. does not compensate any person or entity for client referrals.

The only form of compensation received for advisory services is the fees charged for providing investment advisory services (as described in Item 5 of this brochure). The firm receives no other forms of compensation in connection with providing investment advice.

## **Item 15 - Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

### **Individual Client Accounts**

McMannama & Associates, Inc. is deemed to have custody of client funds and securities whenever McMannama & Associates, Inc. is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody McMannama &

Associates, Inc. will ever maintain over individual client accounts. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. McMannama & Associates, Inc. will directly debit advisor fees from the client's account with the following stipulations:

- we send a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated;
- we disclose to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated;
- we send a bill to the custodian indicating only the amount of the fee to be paid by the custodian;
- the client authorizes us in writing to receive fee payments directly from the client's account being held by an independent custodian; and
- the independent custodian agrees to send the client, at least quarterly, a statement indicating all amounts disbursed from the account.

For accounts in which McMannama & Associates, Inc. is deemed to have custody, McMannama & Associates, Inc. has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from McMannama & Associates, Inc.. When clients have questions about their account statements, they should contact McMannama & Associates, Inc. or the qualified custodian preparing the statement.

The primary custodian for McMannama & Associates, Inc. clients is Merrill Lynch Global Custody, a wholly owned subsidiary of Bank of America Merrill Lynch. Merrill Lynch will charge a monthly custody fee and an annual custody fee.

Merrill Lynch was selected on availability of commission discounts, best execution, accuracy, completeness and detail of monthly account statements. In addition the quality of research for equities and fixed income is subjectively evaluated. Merrill Lynch also offers research which may be specifically requested by our clients.

It is the responsibility of clients to balance and to verify the accuracy of the monthly statements received from the custodian against the quarterly statements received from McMannama & Associates, Inc.

## **Item 16 – Investment Discretion**

McMannama & Associates, Inc. accepts discretion authority to manage funds and securities on behalf of clients within previously determined guidelines and parameters. When discretionary authority is granted, McMannama & Associates, Inc. will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

In addition, clients may or customarily do place limitations on their discretion authority contractually imparted to McMannama & Associates, Inc.

These limitations are agreed to in writing during the initial engagement of McMannama & Associates, Inc. and can be updated when required by the client.

This discretion authority is further defined by the execution of a limited power of attorney with the custodian to grant McMannama & Associates, Inc. trading authority on behalf of the client.

McMannama & Associates, Inc. may elect to purchase securities through broker/dealers other than the client's primary broker/dealer (for most clients Merrill Lynch is the primary broker/dealer) in order to obtain a better price for the client and then have the securities delivered into the client's primary brokerage account. This is the only case in which McMannama & Associates, Inc. selects a broker/dealer to be used without specific client consent. The client's primary broker/dealer charges the client a prime brokerage service fee per order entered at an executing broker/dealer by McMannama & Associates, Inc. All service fees will be charged to the client's account.

Clients may be required to execute forms required by the primary broker/dealer before McMannama & Associates, Inc. can execute trades at broker/dealers other than Merrill Lynch that settle in the client's Merrill Lynch account. See Item 11 – Brokerage Practices for more information.

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

McMannama & Associates, Inc. as a matter of policy and as a fiduciary to our clients, has a responsibility for voting proxies for portfolio securities in the collective best interest of all of our clients.

McMannama & Associates, Inc. shall assume the responsibility and authority with respect to the voting of proxies for all client accounts, unless such responsibility and authority expressly have been delegated to others or reserved to the trustee or other named fiduciary of a client account. During the engagement process the client may elect to vote his own proxies by initialing item 14 on the Investment Advisory Agreement.

The Investment Advisers Act of 1940, as amended, requires us to, at all times, act solely in the best interest of our clients. We have adopted and implemented these Proxy Voting Policies and Procedures which we believe are reasonably designed to ensure that proxies are voted in the collective best interest of our clients, in accordance with our fiduciary duties and Rule 206(4)-6 under the Advisers Act.

We have established these Proxy Voting Policies and Procedures in a manner that is generally intended to support the ability of management of a company soliciting proxies to run its business in a responsible and cost effective manner while staying focused on maximizing shareholder value. Accordingly, we generally vote proxies in accordance with management's recommendations. This reflects a basic investment criteria that good management is shareholder focused.

McMannama & Associates, Inc. will not accept direction from clients who have given full authority to the advisor with regard to the vote of a particular proxy.

Conflicts of Interest:

- McMannama & Associates, Inc. will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of McMannama & Associates, Inc. with the issuer of each security to determine if McMannama & Associates, Inc. or any of its employees has any financial, business or personal relationship with the issuer.
- If a material conflict of interest exists, John W. McMannama will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
- McMannama & Associates, Inc. will maintain a record of the voting resolution of any conflict of interest.

Clients may obtain information from McMannama & Associates, Inc. about how the advisor voted with respect to their securities. We rely heavily upon the research provided by Glass Lewis and the voting mechanism by Proxy Edge to determine our final decision. Requests for such information shall be directed to: McMannama & Associates, Inc., Attn: President, 444 Regency Parkway Drive, Suite 103, Omaha, NE 68114.

To obtain a copy of McMannama & Associates, Inc. proxy voting policies, clients should request such information shall be directed to: McMannama & Associates, Inc., Attn: President, 444 Regency Parkway Drive, Suite 103, Omaha, NE 68114.



## **Item 18 – Financial Information**

McMannama & Associates, Inc. does not accept fees in advance.

McMannama & Associates, Inc. has established a line of credit with a bank in the metropolitan Omaha area on which it draws from time to time to meet financial obligations.

Neither McMannama & Associates, Inc. nor John W. McMannama, the primary and sole shareholder, has ever been the subject of a bankruptcy petition and is not the subject of a bankruptcy petition at the current time.

## **Disclosure Brochure Supplement**

### **John Wayne McMannama**

444 Regency Parkway Drive; Suite 103

Omaha, Nebraska 68114

402.493.6300

Date of Supplement: February 2012

**This brochure supplement provides information about John Wayne McMannama that supplements the McMannama & Associates, Inc. brochure. You should have received a copy of that brochure. Please contact Mr. McMannama if you did not receive McMannama & Associates, Inc.'s brochure or if you have any questions about or if you have any questions about the contents of this supplement.**

**Additional information about Mr. McMannama is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

### **Item 2 – Educational Background and Business Experience**

Mr. McMannama (B. 08-26-1952) age 59 received a Bachelors of Science degree in Business Administration from the University of Nebraska, Lincoln in 1974; subsequent to graduating from Shenandoah, Iowa High School in 1970. He has been President and the sole shareholder of McMannama & Associates, Inc. for the last five years, having founded the firm in September 1984. Mr. McMannama's CRD license number is 847220.

### **Item 3 – Disciplinary Information**

Mr. McMannama has no legal or disciplinary events to report.

### **Item 4 – Other Business Activities**

Mr. McMannama is not actively engaged in any other business or occupation that would be deemed substantial.

### **Item 5 – Additional Compensation**

Other than normal and customary fees charged by McMannama & Associates, Mr. McMannama does not receive additional from any outside sources.

### **Item 6 - Supervision**

Mr. McMannama is the Chief Compliance Officer of the firm and ultimately responsible for supervising activities and services provided by the firm. Investment accounts and

investment programs are reviewed as frequently as weekly. Mr. McMannama is responsible for monitoring investment accounts under his control, but actively seeks the assistance of other investment advisor representatives when needed.

**Item 7 – Requirements for State-Registered Advisers**

Mr. McMannama has not been involved in an arbitration claim alleging damages in excess of \$2,500 resulting in an award or otherwise being found liable. Additionally, he has not been involved in a civil, self-regulatory organization, or administrative proceeding resulting in an award or otherwise being found liable. Finally, Mr. McMannama has never filed a bankruptcy petition.

## **Disclosure Brochure Supplement**

### **Vicky L. Lorchick**

444 Regency Parkway Drive; Suite 103

Omaha, Nebraska 68114

402.493.6300

Date of Supplement: February 2012

**This brochure supplement provides information about Vicky L. Lorchick that supplements the McMannama & Associates, Inc. brochure. You should have received a copy of that brochure. Please contact John Wayne McMannama if you did not receive McMannama & Associates, Inc.'s brochure or if you have any questions about or if you have any questions about the contents of this supplement.**

**Additional information about Vicky L. Lorchick is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

### **Item 2 – Educational Background and Business Experience**

Vicky L. Lorchick (B. 12-18-1956) age 55 received a Bachelors of Science degree in Business Communications/Computer Science from the University of Nebraska, Lincoln in 1985; subsequent to graduating from Pius X High School in Lincoln, Nebraska in 1975. Vicky L. Lorchick has been employed by McMannama & Associates, Inc. since November 1998. Vicky L. Lorchick's CRD license number is 1987332.

### **Item 3 – Disciplinary Information**

Ms. Lorchick has no legal or disciplinary events to report.

### **Item 4 – Other Business Activities**

Ms. Lorchick is not actively engaged in any other business or occupation that would be deemed substantial.

### **Item 5 – Additional Compensation**

Other than normal and customary fees charged by McMannama & Associates, Ms. Lorchick does not receive any additional compensation from any outside sources.

### **Item 6 - Supervision**

Mr. McMannama is the Chief Compliance Officer of McMannama & Associates and ultimately responsible for supervising activities and services provided by the firm including the services provided by Ms. Lorchick. Investment accounts and the advice provided by Ms. Lorchick are reviewed as frequently as weekly by Mr. McMannama who can be contacted at 402.493.6300.

### **Item 7 – Requirements for State-Registered Advisers**

Ms. Lorchick has not been involved in an arbitration claim alleging damages in excess of \$2,500 resulting in an award or otherwise being found liable. Additionally, she has not been involved in a civil, self-regulatory organization, or administrative proceeding resulting in an award or otherwise being found liable. Finally, Ms. Lorchick has never filed a bankruptcy petition.

## **Disclosure Brochure Supplement**

### **Barbara C. Counihan**

444 Regency Parkway Drive; Suite 103

Omaha, Nebraska 68114

402.493.6300

Date of Supplement: February 2012

**This brochure supplement provides information about Barbara C. Counihan that supplements the McMannama & Associates, Inc. brochure. You should have received a copy of that brochure. Please contact John Wayne McMannama if you did not receive McMannama & Associates, Inc.'s brochure or if you have any questions about or if you have any questions about the contents of this supplement.**

**Additional information about Barbara C. Counihan is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

### **Item 2 – Educational Background and Business Experience**

Barbara C. Counihan (B. 02-23-1949) age 63 received a Bachelors of Science degree in Business Administration from the University of Nebraska, Omaha in 1992; subsequent to graduating from Buffalo Lake, Minnesota High School in 1967. She has been employed by McMannama & Associates, Inc. since May 2009. Prior employment includes thirteen years as senior accountant at KMTV, Omaha, NE. Barbara C. Counihan's CRD license number is 5870521.

### **Item 3 – Disciplinary Information**

Ms. Counihan has no legal or disciplinary events to report.

### **Item 4 – Other Business Activities**

Ms. Counihan is not actively engaged in any other business or occupation that would be deemed substantial.

### **Item 5 – Additional Compensation**

Other than normal and customary fees charged by McMannama & Associates, Ms. Counihan does not receive any additional compensation from any outside sources.

### **Item 6 - Supervision**

Mr. McMannama is the Chief Compliance Officer of McMannama & Associates and ultimately responsible for supervising activities and services provided by the firm including the services provided by Ms. Counihan. Investment accounts and the advice

provided by Ms. Counihan are reviewed as frequently as weekly by Mr. McMannama who can be contacted at 402.493.6300.

**Item 7 – Requirements for State-Registered Advisers**

Ms. Counihan has not been involved in an arbitration claim alleging damages in excess of \$2,500 resulting in an award or otherwise being found liable. Additionally, she has not been involved in a civil, self-regulatory organization, or administrative proceeding resulting in an award or otherwise being found liable. Finally, Ms. Counihan has never filed a bankruptcy petition.