

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

Lawson Kroeker Investment Management, Inc.

450 Regency Parkway, Suite 410  
Omaha, NE 68114-3701  
402.392.2606

[www.lawsonkroeker.com](http://www.lawsonkroeker.com)

Dated March 13, 2012

This brochure provides information about the qualifications and business practices of Lawson Kroeker Investment Management. If you have any questions about the contents of this brochure, please contact us at 402.392.2606 or [invest@lawsonkroeker.com](mailto:invest@lawsonkroeker.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. While Lawson Kroeker is a registered investment adviser with the SEC, this registration does not imply a certain level of skill or training.

Additional information about Lawson Kroeker also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105053.

## **Item 2           Material Changes**

Lawson Kroeker does not have any material changes to disclose since the last update of our brochure on March 31, 2011.

When material changes do occur, we will see to it that a summary of those change is provided to our clients.

A copy of our brochure may be requested at no cost by contacting our firm directly at (402) 392-2606 or via email at [invest@lawsonkroeker.com](mailto:invest@lawsonkroeker.com).

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

Lawson Kroeker Investment Management, Inc. is a SEC-registered investment adviser located in Omaha, Nebraska. Lawson Kroeker began conducting business in 1986.

Listed below are the firm's principal owners (i.e., those individuals controlling 25%, or more, of the firm).

Kenneth W. Kroeker, CEO  
Thomas J. Sudyka, Jr., President & CCO  
Bruce H. Van Kooten, Vice President

#### **Investment Supervisory Services Individual Portfolio Management**

Lawson Kroeker provides investment supervisory services through the individual portfolio management of client accounts. This service is offered on a fully discretionary basis. As of December 31, 2010, Lawson Kroeker is actively managing \$400,845,000 of clients' assets on a discretionary basis.

Portfolio management services are tailored to the individual needs of the client. Portfolio managers assess those needs through personal client discussions regarding investment goals, time horizons, cash flow needs, tax considerations, and risk tolerances.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investments are not limited to any specific product and may generally include the following securities:

Exchange-Listed Equity Securities  
Over-the-Counter Traded Equity Securities  
Foreign-Issued Equity Securities  
Corporate Bonds  
Municipal Securities  
United States Government Securities

#### **Limited Partnership**

In addition to individual portfolio management, Lawson Kroeker provides investment advisory services to L/K Limited Partnership No. 1, a Nebraska limited partnership. Kenneth Kroeker acts as general partner to the partnership. L/K Limited Partnership No. 1 was formed in January 1, 1987 to invest in securities including, but not limited to, the ones listed above. The partnership's investment objective is to obtain for its investors an increase in value utilizing a balanced investment approach with primary weight on income and long-term appreciation as a selection criterion.

## **Item 5            Fees and Compensation**

### **Individual Portfolio Management**

Our annual fees for individual portfolio management are based upon a percentage of assets under management and generally follow the schedule listed below:

<u>Account Market Value</u>	<u>Annual Fee Rate</u>
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.30%

This management fee is assessed at the end of each calendar quarter based on the then current fair market value of the securities and cash account. A negotiated fee will be considered for those accounts with restricted investment focus or special circumstances. In selected instances, client assets may be invested in mutual funds. In such instances, the client pays the management fee charged by Lawson Kroeker as well as the management fee charged by the mutual fund.

Unless otherwise agreed upon, fees will be directly debited from the client's account by the custodian bank during the month following the end of each calendar quarter. A fee statement and account valuation will be provided to the client when fees are assessed. Verification of the accuracy of the fees is the responsibility of the client rather than the custodial bank.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. The investment management agreement may be terminated at any time, by either party, without penalty.

Lawson Kroeker's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodial banks and brokerage firms, such as custodial fees, wire transfer and electronic fund fees, or termination fees. Lawson Kroeker will pay the normal and reasonable custodial fee if the assets are placed with the custodian bank selected by our firm. Lawson Kroeker shall not receive any portion of these commissions, fees, or costs.

Item 12 further describes the factors that Lawson Kroeker considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their commissions.

### **Limited Partnership**

The investment management fee for the L/K Limited Partnership No. 1 is 1.00% per year, based on the market value of the assets under management. The fee is assessed at the end of each calendar quarter on the then current fair market value of the securities and cash account. Proprietary accounts of the firm invested in the partnership are not assessed a management fee.

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

Lawson Kroeker does not charge performance-based fees for its investment supervisory services.

## **Item 7           Types of Clients**

Lawson Kroeker generally provides investment advisory services to individuals, trusts, charitable organizations, corporations, pension and profit sharing plans, and our limited partnership.

We require a \$1,000,000 minimum market value for individually managed accounts. Related accounts may be combined to qualify for the minimum account size requirement. Consideration will be given to waive the minimum size requirement in instances where significant future contributions to the account are expected.

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

The firm's investment philosophy is based on the belief that shares of stock represent ownership of lasting businesses and are not simply a momentary event captured on a price chart. We further believe that some businesses are inherently better than others; they consistently generate high returns on capital because they possess a secular and sustainable competitive advantage. Finally, we believe that the value of a business can be estimated through fundamental analysis and that occasionally, the shares of superior businesses are offered in the stock market at a discount to the true value of the business.

Given our philosophy, we attempt to purchase securities as an owner, not an investor. By this we simply mean we prefer to purchase good businesses—those that have a competitive advantage, strong management, operate in growing markets, and have an expanding free cash flow. Rather than focusing on generic financial characteristics such as price/earnings or price/book ratios and applying this same valuation method to all companies, we prefer to tailor the valuation method to determine a company's estimated value.

Our fixed income philosophy is an extension of our equity philosophy in that we approach all investments from a fundamental basis. We don't try to time the short-term movements of interest rates, but prefer to build a portfolio of high quality corporate, agency, and government bonds that meet the client's objectives. As our fixed income portfolios are normally a complement to our equity portfolios, risk capital is allocated to the equity side of an account, while the fixed income side remains a source of stability.

Our investment process flows from our philosophy, and begins with independent research to identify areas of attractive investment opportunities. Company by company, fundamental analysis is performed to discover factors influencing a business's profitability. Included in our analysis of individual securities is an overview of general economic conditions; an evaluation of the stock and bond markets relative to each other; and to economic, social, and political trends. Stock selection is accomplished only after completing a thorough analysis. Buy/sell/retain decisions are made based upon our analysis of a security's estimated worth relative to its current price. We are not market timers or traders, but prefer to give our thorough analysis of a particular security's true worth time to be recognized by the market.

Corporate, agency, and government bonds are continually compared against each other at all maturities to evaluate where the best opportunities lie for improved total return. Yields-to-Maturity, yields-to-worst, cash flow yields, yield increment per unit of duration are all measures we use to compare like-quality bonds. Credit analysis of corporate bonds is performed to try and avoid future rating downgrades as well as identify possible upgrade candidates.

Asset allocation is a collaborative effort with the client to make sure the selected target allocation meets their return goals within their risk parameters. Ongoing asset allocation around the target allocation is done opportunistically to attempt to take advantage of market fluctuations and imbalances. We do not, however, attempt to time the market and generally stay within 10%—plus or minus—of the selected target allocation. (i.e., if the target is 50% invested in equities, the equity allocation will range between 45%–55% of the total portfolio.)

Lawson Kroeker attempts to add value by utilizing its wealth of professional experience. Portfolios are constantly monitored as to what securities are beneficial and/or a hindrance to performance on an ongoing basis. Attempts to categorize the firm as a *value* or *growth* investor are unsuccessful as our approach lends itself to moving to where fundamentally attractive securities are found, rather than limiting the scope of our approach unnecessarily.

Investing in securities involves risk of loss that any client should be prepared to bear. The primary risks of investing include market risk, equity risk, debt securities risk, and foreign securities risk.

Market risk is the potential for an investor to experience losses due to fluctuations in securities prices. These increases or decreases in value can be in response to economic, political, or social events/conditions in the U.S. or abroad. This risk cannot be diversified away.

Investing in equity securities presents risk as these securities are subject to great fluctuations in value due to factors such as a company's financial performance, industry conditions, stock market cycles, and investor perceptions. Also—within a portfolio that holds relatively few stocks—the appreciation or depreciation of any one security can have a great impact on the value of the portfolio as opposed to a portfolio invested in a larger number of stocks.

Debt securities present several unique risks including interest rate risk which is the risk of loss due to changes in interest rates. Generally, bond prices fall as interest rates rise. Credit risk is the ability of the issuer of the debt security to meet the interest or principal obligations when due. Liquidity risk is defined as the ability to buy or sell the security at an opportune time and price.

Investments in foreign/non-U.S. securities involve several risks: political risk, taxation implications, and currency exchange rate risk. The political climate of foreign countries creates portfolio risk because of political and diplomatic changes and developments, accounting and reporting policies, and differing market structures. This risk can be diversified away by investing in a broad range of countries. Another complication exists as investors are locally taxed on foreign securities. Fluctuations in the value of currencies can directly impact foreign investments and these fluctuations affect the risk of investing in non-U.S. securities.

## **Item 9            Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material in evaluating Lawson Kroeker or the integrity of our management. Lawson Kroeker has no information applicable to this Item.

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

Ken Kroeker, CEO of Lawson Kroeker, serves as general partner for the L/K Limited Partnership No. 1, a Nebraska limited partnership. Lawson Kroeker provides investment advisory services to the partnership pursuant to the Investment Advisory Agreement. The firm—or one or more of its executive officers—may act as general partner in future limited partnerships.

Lawson Kroeker is not engaged in any business other than giving investment advice. Nor do we sell products or services other than investment advice to clients.

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

Lawson Kroeker has adopted a Code of Ethics expressing the firm's commitment to a high standard of ethical business conduct and fiduciary duty to our clients. It also sets forth policies and procedures relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at Lawson Kroeker must acknowledge the terms of the Code of Ethics initially upon hire and as amended thereafter. Clients or prospective clients may request a complete copy of our Code of Ethics by contacting our firm directly.

Officers, directors, and employees of Lawson Kroeker may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Lawson Kroeker will not interfere with making decisions in the best interest of advisory clients.

Ken Kroeker, in serving as general partner for the L/K Limited Partnership No. 1, may solicit prospective clients for the investment in this security in which he directly has a position of interest.

## **Item 12            Brokerage Practices**

Broker and research services, includes advice as to the value of securities, the advisability of investing in, purchasing or selling securities, the availability of securities or purchases or sellers of securities; furnishing the analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and performance of accounts; and effecting securities transactions. Services received as a result of transactions for the client's account may benefit other accounts. The receipt of this information will not reduce Lawson Kroeker's normal research activities in providing investment advice to its clients under advisory agreements. Where commissions paid reflect services furnished in relation to execution, Lawson Kroeker will determine that such services were reasonable and benefited the accounts managed.

In selecting broker-dealers, Lawson Kroeker does not consider whether we receive client referrals from a particular broker-dealer.

Lawson Kroeker does not recommend, request, or require that a client direct brokerage; however, we permit clients to direct all or a portion of their account brokerage to be executed with a particular firm. Such direction may prevent the portfolio manager from achieving the most favorable execution and may cost the clients more money.



Selection of broker-dealers for securities transactions is based upon Lawson Kroeker's ability to obtain the most favorable price in execution available—except to the extent that we are permitted to pay higher brokerage commissions for brokerage and research services as described below. In determining the most favorable price and execution, we will consider all factors we deem relevant to the interest of our clients. For example: the price, the size of the transaction, the nature of the market for the security, the amount of commission, and the timing of the transaction taking into account market prices and trends. Also, the reputation, experience, and financial stability of the broker-dealer involved and the quality of service rendered by the broker-dealer in other transactions is considered. Subject to these considerations, we may also place orders for the purchase and sale of securities on behalf of clients with broker-dealers who have provided statistical research or other financial information and services to Lawson Kroeker.

The partnership may pay a broker-dealer which provides brokerage and research services an amount of commission for effecting a securities transaction in excess of the amount of commission another broker/dealer would have charged for effecting that transaction, provided that the Registrant determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either that particular transaction or the Registrant's responsibilities with respect to the clients' accounts for which it exercises investment discretion.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of the individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type.

There are times when we may execute OTC transactions on an agency basis causing a client to incur a commission to the executing broker-dealer plus the market makers mark-up/down. This normally occurs when we sell an inherited stock in which none of our regular broker-dealers makes a market. In those cases, we make sure that the net price received by the advisory client is no less than the best bid by the stock's market makers at the time of execution.

Lawson Kroeker may be able to obtain a better execution for our clients by aggregating orders to purchase or sell the same security as one large order. Whenever we determine that it is in the client's best interest to aggregate orders, we will attempt to execute orders in this manner. Aggregated orders may include proprietary accounts, client accounts and/or personal accounts. Under this practice of aggregating orders, each account participating in an aggregate order will do so at the average share price of the order execution and all other transaction costs will be shared on a pro rata basis.

The adviser generally will establish a trade objective specifying the participating client accounts and how he intends to allocate the order among those clients before entering the aggregated order. If the order is filled in its entirety, it will be allocated among the clients in accordance with the pre-established trade objective.

Aggregated orders which are partially filled may be allocated one of two ways: using either a pro rata or rotational allocation method. The pro rata method allocates securities proportionately according to the original trade objective. In some circumstances where a pro rata allocation will not be beneficial to clients, a rotational method will be employed. Under this method, the adviser must allocate securities based on a pre-determined order of priority among accounts. If the adviser is able to complete the desired order in subsequent days, those accounts that did not participate originally will now do so in the pre-determined order until the adviser has completely allocated a given security. This rotational system is established so as not to favor one particular advisory account—including proprietary accounts—over

another, over time. However, advisory accounts and proprietary accounts will at all times be given priority to participate in partial fill allocations over personal accounts.

At no time will the adviser receive additional compensation or remuneration of any kind as a result of the aggregation.

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

Reviews of client accounts are conducted routinely by Kenneth Kroeker, CEO, Thomas Sudyka, Jr., President and Bruce Van Kooten, Vice President. Each of these officers/portfolio managers is assigned a maximum of forty to fifty client relationships. A relationship may be a family or institution and may have more than one account. Each portfolio manager will review conformity to client objectives and goals, tax considerations, and the nature of the account holdings. The reviews of individual client portfolios will occur not less frequently than quarterly. In addition, Lawson Kroeker will maintain a master list of all clients' securities which may have substantial commonality. Such list will be monitored continuously and market or economic developments may trigger further review.

Frank V. Lawson, Jr., Chairman Emeritus, is available for consultation with the portfolio managers.

On a quarterly basis, clients are mailed a written portfolio appraisal which details the securities held in their account and the market value of each holding as well as an aggregate market value of the portfolio. In addition, the independent qualified custodian for each client account will provide reports to the clients at least quarterly. These reports will include both a list of the assets in the account (with market value) and all transactions taken place (i.e., purchases and sales, income received, expenditures, and any other activity.)

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

Lawson Kroeker does not receive an economic benefit from anyone who is not a client for providing investment advice or other advisory services to our clients. The firm does not compensate any person, who is not a supervised person of the firm, for client referrals.

### **Item 15            Custody**

Independent qualified custodians hold and maintain a client's investment assets, Lawson Kroeker does not provide this service. The custodian for each client account will provide reports to the clients at least quarterly. These reports will include a list of assets in the account, purchases and sales for the account, and income and expenditures of the account. In addition, Lawson Kroeker will mail clients, on a quarterly basis, a written portfolio appraisal which details the securities held in their account and the market value of each holding as well as an aggregate market value of the portfolio. We urge clients to carefully review the official custodial records to the account statements that we provide. Our statements may vary from custodial statements based on valuation methodologies of certain securities, accounting procedures, or reporting dates.

## **Item 16            Investment Discretion**

Lawson Kroeker has discretionary authority from our clients to select the amount and nature of securities to be bought and sold in connection with fully managed accounts. Guidelines are established relating to the types of securities appropriate for each account and are tailored to the individual needs of the client. Portfolio managers assess these needs through personal client discussions both when the account is opened and during periodic reviews. Discretionary authority is to be exercised in a manner consistent with the established guidelines for the particular client account.

Clients may hold specific securities in their account where Lawson Kroeker is given limited authority. In such cases, these securities will be held in an unsupervised/restricted category. Clients also may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. We will comply with any limitations or restrictions on authority imposed by the client.

## **Item 17            Voting Client Securities**

Lawson Kroeker has no obligation to take any action or render any advice with respect to voting proxies of securities held by clients. However, clients may direct us to vote proxies on their behalf and in such instances, we will do so according to the following Proxy Voting Policy.

### *General Policy*

Lawson Kroeker Investment Management (“LKIM”) will vote proxies for its clients when authorized to do so by such clients. When LKIM votes proxies it generally follows the so-called *Wall Street Rule* (i.e., it votes as management recommends or sells the stock prior to the meeting). LKIM believes that usually following the *Wall Street Rule* is consistent with the economic best interests of its clients. Consistent with its duty of care, LKIM monitors proxy proposals just as it monitors other corporate events affecting the companies in which its clients invest.

### *Conflicts of Interest*

There may be instances where the interests of LKIM may conflict or appear to conflict with the interests of its clients. For example, LKIM may manage a pension plan of a company whose management is soliciting proxies and there may be a concern that LKIM would vote in favor of management because of its relationship with the company. In such situations LKIM will, consistent with its duty of care and duty of loyalty, vote the securities in accordance with its pre-determined voting policy, the *Wall Street Rule*, but only after disclosing the conflict to clients and affording the clients the opportunity to direct LKIM in the voting of such securities.

### *Recordkeeping*

LKIM will maintain the following records with respect to proxy voting;

- A copy of this proxy voting policy;
- A copy of all proxy statements received (LKIM may rely on the EDGAR system to satisfy this requirement);
- A record of each vote cast on behalf of a client (LKIM may rely on a third party to satisfy this requirement);
- A copy of any document prepared by LKIM that was material to making a voting decision or that memorialized the basis for that decision;
- A copy of each written client request for information on how LKIM voted proxies on the client’s behalf, and a copy of any written response to any (written or oral) client

request for information on how LKIM voted proxies on behalf of the requesting client.

*Disclosure*

LKIM will furnish a copy of this policy to each of its clients for which it is authorized to vote proxies. LKIM will disclose to such clients how proxies were voted upon request. Requests may be made by calling LKIM at 402.392.2606.

In instances where Lawson Kroeker is not given authority to vote client securities, clients will receive their proxies and other solicitations from their custodian. Clients may contact us with questions about a particular solicitation.

**Item 18            Financial Information**

Lawson Kroeker does not require or solicit prepayment of management fees and does not custody client funds or securities. Therefore, Lawson Kroeker is not required to file a balance sheet. In addition, Lawson Kroeker has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.