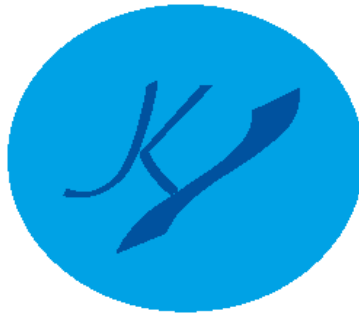


Kenney Investments



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ADV Part II A

Item 1: Cover Page

This ADV Part II Brochure has not been approved by the SEC or state securities regulators. If you have any questions about this brochure, please call Greg Kenney at (847) 441-2640.

Item 2: Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an

adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

No material changes to this Brochure dated March 28, 2012 have been made from the previous version dated March 31, 2011. As required, we have updated the assets under management on page 3.

Item 3: Table of Contents

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Item 4: Advisory Business

Kenney Investments, Inc. (KI), established in 1989, is a privately held investment counseling firm owned by Brian Kenney and Greg Kenney. KI manages portfolios for high net worth individuals, charitable foundations, corporations, and retirement plans.

We are long-term investors with a relatively low portfolio turnover. Our philosophy is to treat clients individually to assess their risk parameters and to meet their investment objectives. Each portfolio is tailored to the particular client's needs and objectives and investment advice is provided on a continuing basis. Clients are free to impose restrictions regarding the purchase of individual securities or types of securities.

We also specialize in the management of individual retirement plans and coordinating one's retirement plan with other investment accounts to minimize income taxes while meeting any minimum annual distribution requirements. In addition, we assist in making decisions on such related financial matters as gifts to family members and/or charity and the appropriate mortgage strategy in the purchase of a primary or second home.

As of 12/31/11 our assets under management were \$105,465,000; \$70,890,000 discretionary and \$34,575,000 in non-discretionary accounts.

Item 5: Fees and Compensation

Our fee is .75% per annum of the assets managed for a typical account and 1% for an account which involves a buy/write covered call program. Fees are paid quarterly in advance and may be paid directly from the client's account if authorized in writing by the client. Fees are negotiable for larger accounts or accounts with a large holding of one security. Under various circumstances we may impose a flat quarterly fee instead of our normal percentage fee schedule. Generally, our minimum annual fee is \$10,000. The investment advisory contract is terminable by either the client or KI on 30 days notice and any unearned portion of the prepaid fee will be refunded upon expiration of the 30 days.

KI has no affiliations with any other company, does not participate in any soft dollar arrangements, nor make payments of any kind for new business referrals or investment research. Thus we believe we have no conflicts of interest which might interfere with our focusing best efforts upon our clients.

Client is responsible for all fees charged by the bank and or broker, see **Item 12**. KI does not participate in any "wrap fee" arrangements.

Item 6: Performance-Based and Side-by-Side Management

KI does not participate in any performance-based or side-by-side management fee arrangements.

Item 7: Types of clients

KI clients are made up of high net worth individuals, corporations, charitable funds, and retirement accounts. Our minimum account size is generally \$1.3 million.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

Our investment strategy is to use large cap stocks for growth, exchange traded or mutual funds for international or special purpose investments, and high quality fixed income securities for income. We also employ a covered call program (known as a buy/write), where appropriate, to help our clients meet their income needs.

Our methods of analysis are entirely fundamental as opposed to technical. We use investment opinions expressed in the Wall Street Journal and financial information and company announcements via the internet or the financial press. We use investment reports from major brokerage firms in our research. We pay careful attention to the relationship of the price of a stock to current and estimated future earnings and dividends, if any. In selecting common stocks, we tend to emphasize those companies with strong balance sheets, and/or good revenue growth, and/or rising dividends. In the fixed income area we favor higher quality securities as appraised by the major rating services and fixed income brokerage contacts.

The purchase of any security involves the risk of loss and this risk is borne entirely by the client. We attempt to moderate portfolio risk by using the following strategies:

- A. We invest in high quality, liquid stocks and bonds.
- B. We never sell short or buy on margin.
- C. Vary the asset allocation of stocks and bonds depending on our appraisal of the market outlook.
- D. Generally limit individual security purchases to less than 5% of the portfolio.
- E. We generally diversify our common stocks among a spectrum of ten or so industries and usually limit our investment in any one industry to 15% of the portfolio's value.
- F. We attempt to maintain adequate cash reserves to meet client expenses that exceed portfolio income so that securities do not have to be sold in weak markets just for the purpose of meeting withdrawals.
- G. In some instances we use index funds to enhance the diversification characteristics of clients' portfolios.

Item 9: Disciplinary Events

We have never had a disciplinary event against KI, any of its employees, or principals.

Item 10: Other Financial Industry Activities and Affiliations

None

Item 11: Code of Ethics, Participation in Client Transactions, and Personal Trading.

Code of Ethics:

In accordance with SEC rule 204A-1 the following code of ethics was adopted by KI.

We will conduct ourselves with integrity and dignity and encourage such conduct by others in the profession.

We recognize our fiduciary role in managing clients' accounts and will make every effort take proper care and exercise professional judgment.

We will conduct ourselves and encourage the practice of investment counseling in a manner that will reflect credit on ourselves and on the profession.

We have a strict prohibition against "pay-to-play" contributions for the purpose of attracting or retaining advisory business.

We respect our clients' privacy and will not divulge any nonpublic personal information to third parties except to brokers and custodians to complete a transaction.

Participation in Client Transactions, and Personal Trading

All members of the firm maintain accounts with the firm. Changes in these portfolios are reviewed monthly by the president and daily by the compliance officer to insure there are no conflicts with the best interests of the clients. Principals and employees of the adviser may invest in the same securities purchased for clients. However, members of the firm may not buy or sell a given security until after any client trades in discretionary accounts have been executed. Transactions in mutual funds and obligations of U.S Treasury are exempted from this requirement. Firm members may buy and sell a given security before any trades in non-discretionary accounts if such non-discretionary client is unavailable to receive the advisor's recommendation, has not responded to the advisor's recommendation, or the advisor does not believe the transaction is suitable for the account at that time.

These policies apply to both public and non-public investments. However, very occasionally the principals of the firm will invest either simultaneously or ahead of the clients in the instance of a private investment only when three conditions are met: 1) The security is being offered for sale over a period of several months in "best efforts" offering; 2) there is an ample supply of the security available to take care of any client interest for whom the security is suitable; 3) The price is the same to all during the offering period.

Item 12: Brokerage Practices

We recommend that our clients house their accounts at Charles Schwab because of their very low commission rates, compatible interface with our record keeping software, and overall professionalism. For those clients who elect to use a bank as a custodian, Schwab will not trade covered calls for accounts not housed with them. In those instances we have to write the options through another broker where the commission rate on both options and any subsequent sale of the stock via option exercise are at higher rates than Schwab's. We receive research from Charles Schwab and other brokers, but do not have any requirement that we provide them with a minimum level of commissions, a fact that we feel eliminates conflicts of interest.

KI does not receive any commissions from any brokers. Clients may direct us to use any bank and broker of their choice. If a client does so direct, the advisor may be unable to negotiate commissions, obtain volume discounts, or otherwise ensure best execution, and in this circumstance a disparity in commission charges may exist among the our clients. KI does not generally aggregate trades for client accounts.

Schwab Institutional (SI) provides KI with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of client assets are held at Schwab. SI's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. SI also makes available to KI other products and services such as quotes, access to client's data, trade execution, and allocation of aggregated trades for multiple clients. Many of these services generally may be used to service all or a substantial number of the KI's accounts, including accounts not maintained at SI. SI may also provide KI with other services intended to help KI manage and further develop its business enterprise. These services may include consulting and publications on regulatory compliance and marketing. SI may make available or arrange for these types of services to KI by independent third parties. We believe that housing more than \$10 million of client assets at SI in order for KI to avoid paying Schwab a quarterly service fee is not a conflict of interest because we require a custodian and the expenses borne by clients at Schwab are very low and the level of service is very high.

KI rarely participates in IPO's; however, when we do the shares are allocated among our clients according to the following procedures:

1. Some weight is given to the rare client request for a specific IPO.
2. An IPO security must be suitable for a particular client in relation to his/her investment objectives, financial circumstances, current asset allocation, and common stock diversification as well as the amount of cash available for investment.
3. In purchasing a security (including IPO's) for our clients, we focus on the longer-term outlook as opposed to short term trading possibilities.
4. The above considerations are always subject to the IPO broker's requirements that the account which buys the IPO must hold its securities at the broker.

Item 13: Review of Accounts

Brian Kenney, President of KI, will provide on going unwritten review of all accounts. This will include reviewing objectives to assure they meet client needs and goals, asset allocation, diversification, and individual holdings. Performance will be reviewed at least annually. For taxable accounts, capital gain and loss statements are prepared, reviewed, and sent to clients (and their accountants where requested) on a timely basis.

Item 14: Client Referrals and Other Compensation

KI does not receive or pay compensation for any client referrals.

We receive an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us and possible conflicts of interest are described above (see **Item 12**). The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

Item 15: Custody of Client assets.

KI does not have physical possession of any of its clients' assets. We require that all clients use a large bank or broker as custodian. Under SEC regulations, we are deemed technically to have custody of assets if we are authorized to instruct the bank or broker to deduct our advisory fees directly from the clients' account (see also **Item 5**).

Where Brian Kenney or Greg Kenney is trustee of an account, they are deemed by the SEC to have custody of the assets. However, neither of them may at any time write/issue checks on the accounts to themselves, KI, or in anyway to their benefit. Fees paid to the trustees are issued directly from the bank or broker housing the account after the bank or broker receives a fee letter or invoice from the trustee. Where we are deemed to have custody, the client receives at least quarterly, statements from the custodian bank or broker showing all security transactions as well as deposits and withdrawals.

All clients receive at least quarterly, portfolio valuations from both KI and the custodian. Clients are urged to carefully review and compare KI's portfolio valuation to that of the bank or broker. Custodians, of course, send copies of all client statements to us.

Item 16: Investment Discretion

KI manages both discretionary and non-discretionary clients.

For discretionary accounts the adviser shall direct the investments of the client without prior consultation with client. The adviser has authority on behalf of the client (a) to buy, sell, exchange, convert, tender, and otherwise trade in any and all stocks, bonds, covered call options and other securities as the adviser may select: and (b) to execute trades with brokerage firms, dealers or banks the adviser and/or client may select.

With non-discretionary accounts, the adviser shall make investment recommendations to the client. When recommendations have been approved, the adviser will execute orders with brokerage firms, dealers or banks the adviser and/or the client may select.

Item 17: Voting Client Securities

KI does not accept the authority from clients to vote proxies on their behalf.

Item 18: Financial Information

Since we do not bill six months or more in advance, we are not required to disclose any financial information about the firm.

Part II B: Brochure Supplement

Item 1: Cover Page

This brochure supplement provides information about Brian Kenney and Greg Kenney.

Contact Information is:

Brian Kenney, President
Kenney Investments, Inc.
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Northfield, Illinois 60093
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(847) 441-2642

Greg Kenney, Chief Compliance Officer
Kenney Investments, Inc.
One Northfield Plaza, Suite 505
Northfield, Illinois 60093
ghkenney@aol.com
(847) 441-2640

Clients should contact Greg Kenney if they have not received both parts A and B of ADV Part II or if they have any questions about these brochure supplements.

Item 2: Educational Background and Business Experience

Brian Kenney – Born 1939

Graduated from Harvard Business School (MBA) in 1962 and from Yale University (BA) in 1960. Sept 1989 to Present: President of Kenney Investments, Inc.

Greg Kenney – Born 1967

Graduated from DePaul University (BA) in 2005.

Sept 1989 to Present: Vice President, Secretary, and Chief Compliance Officer of Kenney Investments, Inc.

Item 3: Disciplinary Information

We do not have any disciplinary items to report for Brian Kenney or Greg Kenney

Item 4: Other Business Activities

Both Brian Kenney and Greg Kenney periodically are called upon to be trustees of family and friends' accounts. These accounts are traded the same as if they were personal accounts. See Item 11: Personal trading. Approximately 95% of their time is spent on their clients' accounts.

Item 5: Additional Compensation

Brian Kenney and Greg Kenney receive compensation outside of KI when they are paid trustee fees or for consulting regarding the financial situations of persons who are not clients of KI.

Item 6: Supervision

Brian Kenney and Greg Kenney are experienced business people and industry professionals. They determine and execute their respective responsibilities as indicated in our compliance policies and procedures manual. Brian Kenney as President has the ultimate responsibility for supervision, strategy, and direction of KI and Greg Kenney.

Greg Kenney is the Chief Compliance officer and as such oversees the day to day operations.