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**March 30, 2012**

**FORM ADV PART 2A. BROCHURE**

**This brochure provides information about the qualifications and business practices of Optima Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 972-726-0400. 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 Optima Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Optima Asset Management, Inc. is 106095.**

**Optima Asset Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Table of Contents

<i>Advisory Business .....</i>	<i>1</i>
<i>Fees and Compensation.....</i>	<i>3</i>
<i>Performance-Based Fees and Side-By-Side Management.....</i>	<i>5</i>
<i>Types of Clients .....</i>	<i>6</i>
<i>Methods of Analysis, Investment Strategies and Risk of Loss .....</i>	<i>7</i>
<i>Disciplinary Information .....</i>	<i>8</i>
<i>Other Financial Industry Activities and Affiliations.....</i>	<i>9</i>
<i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i>	<i>10</i>
<i>Brokerage Practices .....</i>	<i>12</i>
<i>Review of Accounts .....</i>	<i>14</i>
<i>Client Referrals and Other Compensation.....</i>	<i>15</i>
<i>Custody .....</i>	<i>16</i>
<i>Investment Discretion .....</i>	<i>17</i>
<i>Voting Client Securities .....</i>	<i>18</i>
<i>Financial Information .....</i>	<i>19</i>
<i>Requirements for State-Registered Advisers .....</i>	<i>20</i>
<i>Additional Information .....</i>	<i>21</i>

## *Advisory Business*

Form ADV Part 2A, Item 4

Optima Asset Management, Inc.'s registration was granted by the U.S. Securities and Exchange Commission on July 12, 1996. Nolan Lewis Jones (CRD Number 1457258) is CEO and Chief Compliance Officer of the firm. Mr. Jones owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm. The firm manages each client's portfolio on an individualized basis. Clients may impose restrictions. The firm does not sponsor any wrap programs. As of December 31, 2011, the firm managed assets on a nondiscretionary basis in the amount of \$281,117,392 which represented 72 accounts.

Optima Asset Management, Inc. ("Optima" or "the applicant") operates as a non discretionary, fee only, master investment advisory and consultancy service.

The term "master investment adviser" or "master investment advisory" is used to describe the "primary" client advisory relationship when one or more sub advisers are engaged, as a result of recommendations by the master investment adviser, to manage specific investment style objectives or asset classes within the overall framework of a client's portfolio.

Optima will undertake a detailed survey of each prospective investor's investment objectives including return expectation, risk tolerance and investment horizon. The information will be used in drafting an Investment Policy setting forth the prospective investor's objectives.

The information provided in the Investment Policy will be used as the basis for the construction of "mean efficient," statistically optimal portfolios from among the available asset classes suitable for the investor. Portfolios constructed in this manner will be designed to target the investor's expected return and risk tolerances over the specified investment horizon.

Optima employs advanced software products and proprietary models to interact with the prospective investor. These tools help facilitate an instructive process targeted at the individual needs of the prospective investors allowing them to view portfolio simulations based on investment objectives.

Once an appropriate asset mix has been determined and the investor has made a decision to engage the investment services of Optima, Optima will undertake the assembly and construction of a portfolio consisting of individual investment asset classes that most closely approximate the "allocation decision". The securities utilized and the allocation decision will be largely dependent on the client's individual investment objectives and the amount of the funds available for investment. A typical client's portfolio may include one or more mutual funds, one or more sub advisory relationships and, in some cases, the purchase of a portfolio of individual securities under the direction of Optima. Investment products considered for inclusion in the mix will be those which provide the highest unit of return for each unit of risk to be assumed by the investor, and that most closely approximate the statistical profile of the asset mix the client has determined appropriate.

To determine which investment products might qualify for inclusion, Optima does extensive quantitative analysis, research, testing and evaluations of returns. Optima relies on advanced mathematical techniques such as linear regression, optimization, factor and style analysis, and performance attribution pioneered by Nobel Laureates William Sharpe and Harry Markowitz, for the identification of appropriate investment products.

Once the funds and/or managers to be utilized have been identified, Optima oversees all aspects of the engagement process and the investing relationship, assisting with implementation where sub advisers are involved, negotiating commissions and fees where appropriate, and in arranging custodial relationships when

necessary.

Optima provides ongoing due diligence and performance evaluations on all investment products on behalf of the client. Performance is compared to the asset class benchmark it is intended to represent in the model portfolio representing the client's targeted asset mix. Recommendations for changes are made when the performance of the fund and/or sub adviser varies statistically with the asset class benchmark. The determination of a significant statistical variance triggering a recommendation for liquidation of a fund, or the termination of a sub adviser relationship is determined by the Investment Committee and may vary from one asset class to the next. In addition, Optima provides rebalancing recommendations to ensure the portfolio performs as expected.

Clients are provided detailed performance reports at the close of each quarterly period comparing their individual portfolio's returns to the various asset class benchmarks.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

### **Advisory Services and Fees**

#### **Applicant's Basic Fee Schedule** **When Compensation Is Payable**

Optima provides investment supervisory services for a fee. It is estimated that 100% of advisory billings will be attributable solely to investment advisory services provided.

The fees for Optima's investment management services will be expressed as a percentage of assets and based on the average month ending market value of the portfolio during the previous calendar quarter and billed quarterly between the 15<sup>th</sup> and the 30<sup>th</sup> of the month following the end of each calendar quarter. All management fees are billed pro rata, in arrears for the period covered. Clients may terminate Optima's management at any time by delivering written notice to our principal business address. Clients terminating mid-quarter are granted a pro rata credit adjustment for any fees that may be due.

<b>Size In Millions</b>	<b>Fixed income</b>	<b>Equity</b>
First \$ 3 million	50 bps.	90 bps.
Next \$20 million	40 bps.	80 bps
Over \$30 million	Negotiable	Negotiable

In addition to asset management fees charged by and paid to Optima in accordance with the schedule indicated, clients shall pay a separate, second, additional asset management fee to each mutual fund, limited partnership, investment trust, limited liability corporation and sub adviser relationship recommended by Optima. The amount of these fees will vary from organizational entity to organizational entity and from asset class to asset class and from manager to manager, based on the size of the funds to be managed. These amounts shall be fully disclosed in the prospectus, offering circular, offering memorandum, ADV or other similar type disclosure document for each organizational entity.

The fees charged by mutual funds, limited partnerships, investment trusts, limited liability corporations and sub advisers may, in some cases, be higher or lower than fees charged by similar entities investing in similar securities.

Net fees paid by clients will vary depending on the asset classes used for the construction of his or her portfolio, the nature and number of mutual funds, limited partnerships, investment trusts, limited liability corporations and sub advisers engaged and the amount of funds available for investment in each.

In addition, it is further disclosed that Optima makes available to clients an Asset Based Pricing (ABP) arrangement under the terms of which, the client shall compensate Charles Schwab and Company, Inc. for brokerage transactions pursuant to an Asset Based Pricing fee structure. Under this arrangement, a fee equal to an annual basis point charge of ten basis points (one tenth of one percent annualized), calculated on the account's gross asset base is charged monthly in lieu of individual transaction charges (for each trade).

This arrangement is generally more advantageous for accounts owning individually listed and non listed securities (not mutual funds) and falling under the direction of a sub adviser which has exhibited high turnover

rates.

No fees charged by Optima will be performance based on capital gains or capital appreciation of assets managed by the applicant.

Optima may enter into a fixed fee arrangement.

No fees paid by clients or billed by Optima will be for services in advance.

Fees are negotiable.

***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

None.

### *Types of Clients*

Form ADV Part 2A, Item 7

Individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The stated minimum dollar value of assets for new account relationships is \$1,000,000. Optima expects to grant exceptions to these minimum requirements to certain individual accounts at start-up based on previous account relationships by one or more of the principals.

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

Form ADV Part 2A, Item 8

### **Applicant's Security Analysis Methods**

The applicant relies heavily on a body of research referred to as “modern portfolio” finance. It holds that as much as 91% of a well-diversified portfolio’s return may be attributed to the underlying asset classes in which it was invested. The applicant places primary emphasis on a top down, asset class approach to portfolio construction. This method involves seeking out investment advisers and mutual funds whose management styles most closely approximate those of the targeted asset class. To accomplish this, the applicant employs sophisticated, statistical screening techniques. The performance of each candidate for investment is closely examined and compared statistically to the asset class it is intended to represent in the portfolio. The purpose is to identify those managers and funds that offer the best statistical fit to the asset class being considered and which “attribute” the best individual security selection relative to the asset class in which they are invested. Once the managers and/or funds have been identified, additional due diligence of the fund and manager is conducted by Optima.

### **Investment Strategies**

Each investment product (mutual fund, sub adviser or portfolio of individual securities under Optima’s direction) is combined in a mix appropriate for the investor’s objectives including expected return, risk tolerance and investment horizon. The individual’s portfolio components and composite returns are monitored and statistically compared to that of the “bogie” or benchmark that it is intended to represent in the portfolio. The asset mix is rebalanced when appropriate. Note: Applicant does not endorse or recommend the use of margin debt or leveraging in managed investment portfolios. It does acknowledge margin may provide a ready, cost effective source of funds to meet client’s short term borrowing needs from time to time.

### **Risk of Loss**

Investing in securities carries with it a risk of loss which clients must be prepared to bear.

***Disciplinary Information***

None.

Form ADV Part 2A, Item 9

***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

None.

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

Form ADV Part 2A, Item 11

Applicant is in full compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Furthermore, Optima monitors the personal securities transactions of all access persons. In addition, Optima hereby discloses that it has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The Chief Compliance Officer of the firm carries out all compliance related mandates as set forth by the Code of Ethics. A copy of the Code of Ethics is available upon request by all clients and prospective clients.

Optima or individuals associated with Optima may buy and sell securities identical to those recommended to customers for their personal accounts.

It is the expressed policy of Optima that no person employed by the applicant may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employee from benefiting from transactions placed on behalf of advisory accounts.

Applicant or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, applicant has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of applicant shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by any reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of applicant shall prefer his or her own interest to that of the advisory client.
- 2) Applicant maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. The holdings are reviewed on a regular basis by the Chief Compliance Officer.
- 3) Applicant requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above will be subject to termination.

It is further noted that applicant is in and shall continue to be in total compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Specifically, applicant has adopted a firm wide policy statement outlining insider trading compliance by applicant and its associated persons and other employees. This statement has been distributed to all employees of Optima and has been signed and dated by each such person. A copy of such firm wide policy is left with such person and the original is maintained in a master file. Further, Optima has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of Optima, are signed, dated, and filed with the insider trading compliance materials.

There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Optima's employees may have non-public information, (4) requiring all of Optima's employees to conduct their trading through a specified broker or reporting all transactions promptly to applicant, and (5) monitoring the securities trading of the firm and its

employees and associated persons.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

Optima recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.

Although Optima may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Optima is independently owned and operated and not affiliated with Schwab.

Schwab provides Optima with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's client's assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Optima committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Optima client accounts maintained in its custody, Schwab does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees from securities trades that are executed through Schwab or that settle into Schwab accounts.

Optima has negotiated favorable rates for its clients' accounts in custody at Schwab. Under this arrangement clients are charged cents per share for each trade involving the purchase or sale of individual securities traded on an exchange subject to a minimum ticket charge. In addition, clients will receive favorable commission rates for all mutual funds purchased or sold on their behalf, for their accounts, at Schwab. In some instances, the funds may be purchased directly from the fund family or on larger dollar amounts without the imposition of any fees, or commission charges. In other instances they cannot be purchased from the fund family without the imposition of fees and commissions similar or greater than those charged by Schwab.

For clients directing Optima to use brokers other than Schwab, commissions, fees and other related account expenses will be borne solely by the client and may be substantially higher than those negotiated with Schwab. It is also possible that in some instances they may be lower.

Schwab Institutional also makes available to Optima other products and services that benefit Optima but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or a substantial number of Optima accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Optima in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmation and account statements); (ii) facilitate trade execution and allocate aggregate trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Optima's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Optima manage and further develop its business enterprise. These services may include (i) compliance, legal and business consulting; (ii) publications and

conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third party vendors for the types of services rendered to Optima. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment. In evaluating whether to recommend that clients custody their assets at Schwab, Optima may take into account some of the foregoing products and services and other arrangements as part of the total mix of factors and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Optima receives no financial compensation from any professional relationships and reimburses Schwab the fair market value of all (i) compliance, legal and business consulting; (ii) conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers which is strictly limited to client account administration. Optima does not accept offers for business entertainment from any professional relationships. Optima does not accept gifts with a value in excess of \$25.00 from any professional relationships.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

The Investment Policy Committee (the "committee") is composed of the firm's senior manager Nolan L. Jones, Jr., Paul Lightfoot, and Archie Ponce. The committee reviews the individual performance of each asset class and the individual investment products that have been selected to represent them within each portfolio. Close attention is paid to any statistical variance versus the selected benchmark. The review is conducted daily for securities for which daily pricing is available. A more comprehensive review is conducted at the end of each month. The purpose of this daily review is to provide a constant, ongoing evaluation of each investment product (sub adviser, mutual fund or portfolio of individual securities under the supervision of Optima) being utilized. The purpose of the monthly reviews is to evaluate statistical variations over a more meaningful time frame. Each investment is compared statistically with the asset classes they are intended to represent. If the sub adviser, fund or portfolio of individual securities, under the supervision of Optima, fails to maintain a tight statistical "fit", an attempt is made to isolate the reasons accounting for the variance. Sub advisers, mutual funds, and individual securities that vary may be liquidated. There is currently three reviewers, Nolan L. Jones, Jr., Paul Lightfoot and Archie Ponce. Each has responsibility for reviewing approximately 25 client relationships.

Optima will provide its clients with detailed quarterly reports covering all assets managed by Optima (except where Optima acts as a consultant). The quarterly reports include a portfolio appraisal, assets under management, performance summary, asset reconciliation, cash ledger and performance history.

*Client Referrals and Other Compensation*

Form ADV Part 2A, Item 14

None. However, please see item 12, above.

*Custody*

Form ADV Part 2A, Item 15

None.

***Investment Discretion***

Form ADV Part 2A, Item 16

None.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

Optima has adopted policies governing the voting of proxy statements on behalf of the non discretionary client accounts. It has or will arrange for the sub advisers to vote client proxies on sub accounts. Clients may request Optima to vote the proxy statements on their behalf, or the client may retain such voting responsibilities for non discretionary and sub advised accounts. Clients may also provide guidelines to Optima, or may allow Optima and/or sub advisers to use their respective proxy voting guidelines.

***Financial Information***

Form ADV Part 2A, Item 18

No financial reporting is required as the firm will not require fees to be paid more than six months in advance.

***Requirements for State-Registered Advisers***

Form ADV Part 2A, Item 19

Not applicable.

***Additional Information***

Optima has adopted policies and procedures relating to the collection of confidential information, in accordance with Regulation S-P. A copy of these policies is available on request, and will be offered to clients annually.

**Nolan L. Jones  
Archie A. Ponce  
Paul A. Lightfoot**

**Optima Asset Management, Inc.  
12222 Merit Drive  
Suite 1760  
Dallas, Texas 75251**

**Phone: 972-726-0400**

**March 21, 2012**

**FORM ADV PART 2B. BROCHURE SUPPLEMENT**

**This brochure supplement provides information about Nolan L. Jones, Archie A. Ponce and, Paul A. Lightfoot that supplements the Optima Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact Nolan L. Jones, Chief Compliance Officer, if you did not receive Optima Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Nolan L. Jones, Archie A. Ponce and Paul A. Lightfoot is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Table of Contents

<i>Educational Background and Business Experience .....</i>	<i>1</i>
<i>Disciplinary Information .....</i>	<i>3</i>
<i>Other Business Activities .....</i>	<i>4</i>
<i>Additional Compensation .....</i>	<i>5</i>
<i>Supervision .....</i>	<i>6</i>
<i>Requirements for State-Registered Advisers .....</i>	<i>7</i>

***Educational Background and Business Experience***

Form ADV Part 2B, Item 2

JONES, Jr. Nolan Lewis  
Born: 1949

Education: University of Houston, Graduate Program, Finance, 1974  
Abilene Christian University, BS, Business, 1972

Business Experience:  
2002 to Present Optima Asset Management, Inc.  
Chief Executive Officer and Chief Compliance Officer  
1999 to 2002 Optima Asset Management, Inc.  
Chief Executive Officer  
1996 to 1999 Optima Asset Management, Inc.  
President and Chief Executive Officer  
1996 to 1998 Williams Buchanan and Company, Inc.  
General Securities Representative  
1989 to 1996 PaineWebber, Incorporated  
Account Vice President  
1986 to 1989 Drexel Burnham Lambert, Incorporated  
Investment Executive  
1981 to 1985 ITT/Hartford Insurance Group  
Manager, Bond Department (Texas)

PONCE, Archie A.  
Born: 1973

Education: University of South Florida, BS, Economics, 1997

Business Experience:  
2007 to Present Optima Asset Management, Inc.  
Vice President and Portfolio Manager  
2005 to 2007 Charles Schwab & Co., Inc.  
Senior Relationship Specialist (Institutional)  
2002 to 2004 Charles Schwab & Co., Inc.  
Investment Specialist, Regional Business Development Team  
1999 to 2002 Charles Schwab & Co., Inc.  
Senior Registered Representative  
1999 to 2002 First Union Brokerage  
Personal Investment Counselor  
1997 to 1998 Chatfield Dean  
Account Executive

**LIGHTFOOT, Paul A.**

Born: 1966

Education: University of Texas (at Dallas), MS, Accounting and Information Management, 2006  
Mississippi State University, MBA, Business Administration, 1992  
Mississippi State University, BBA, Business Management and Banking & Finance, 1988 and 1991

Business Experience:  
2008 to Present Optima Asset Management, Inc.  
Executive Vice President and Portfolio Manager  
1999 to 2007 Cottonwood Financial  
Vice President  
1992 to 1999 Quaker State Corporation  
Financial/Pricing Manager

***Disciplinary Information***

None.

Form ADV Part 2B, Item 3

***Other Business Activities***

None.

Form ADV Part 2B, Item 4

*Additional Compensation*

None.

Form ADV Part 2B, Item 5

*Supervision*

Form ADV Part 2B, Item 6

Nolan Jones, Chief Compliance Officer of the firm supervises all supervised persons.

***Requirements for State-Registered Advisers***

Form ADV Part 2B, Item 7

Not applicable.