

Item 1: Title Page

March 22, 2012

The Brochure for

Van Strum & Towne, Inc.
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VAN STRUM & TOWNE
INVESTMENT COUNSEL - FOUNDED 1927



This brochure provides information about the qualifications and business practices of Van Strum & Towne, Inc. If you have any questions about the content of this brochure, please contact us at 415.981.3455. 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 Van Strum & Towne, Inc. also is available at the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

No material changes since our last filing on March 31, 2011.

Item 3: Table of Contents

Item 2: Material changes	1
Item 4: Advisory business	1
Item 5: Fees and compensation	3
Item 6: Performance-based fees	3
Item 7: Types of clients	3
Item 8: Methods of analysis, investment strategies and risk of loss	4
Item 9: Disciplinary information	6
Item 10: Other financial industry activities and affiliations	6
Item 11: Code of ethics	6
Item 12: Brokerage practices	7
Item 13: Review of accounts	10
Item 14: Client referrals and other compensation	10
Item 15: Custody	11
Item 16: Investment discretion	11
Item 17: Voting client securities	11
Item 18: Financial information	12

Item 4: Advisory Business

Van Strum & Towne is an independent investment advisory firm wholly owned by its officers. The firm was founded in 1927. Our income is derived solely from professional fees for managing assets. We are registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and are members of the Investment Adviser Association. The firm has three equal owners and portfolio managers: James L. Collins, CFA; Mark A. Sherman, CFA; and Barbara A. Wright, CFA.

Most of our clients are high-net-worth individuals. We also manage individual and institutional accounts, including foundation, partnership, IRA, 401(k), pension and profit sharing accounts. We do not manage wrap accounts. Accounts under management are both discretionary and non-discretionary. As of December 31, 2011, our firm managed approximately \$229,000,000 with \$184,000,000 in discretionary assets and approximately \$45,000,000 in non-discretionary assets.

The size of our firm gives us the flexibility to act on investment opportunities in a timely manner and provides our portfolio managers the time and resources needed to work closely with clients. Our firm's portfolio managers work collaboratively to determine investment strategy, set asset-mix guidelines, and maintain an approved list of securities.

The investment advisory relationship begins with the investment management agreement between Van Strum & Towne and the client, which sets forth pertinent information concerning management of an account. Either party, upon written notice, may unilaterally terminate the investment advisory relationship.

Our first objective in working with a new client is to understand fully a client's unique financial profile, investment objectives and specific requirements. This understanding enables us to work closely with clients to develop an investment strategy that reflects realistic investment objectives, while meeting client-specific needs. This iterative process, which requires ongoing communication with clients, enables us to position client portfolios to benefit from long-term growth in the investment markets.

Clients may impose restrictions on investing in specific securities, companies, or industries. We rely on our clients to update us about changes in their investment circumstances or risk tolerance that may affect their portfolio asset mix decision or liquidity requirements.

Our portfolio management responsibilities focus on achieving client objectives, controlling portfolio risk, and limiting surprises. We do this by attempting to select equity investments in companies that we believe will achieve success over many years. We also emphasize bond and equity investments in entities that we deem to be of high quality. Our investment style is characterized by low portfolio turnover, though we are organized to act quickly when conditions warrant.

We encourage frequent contact with clients and their tax, legal and other professional advisors. We provide our clients with written quarterly portfolio appraisal reports as well as year-end capital transaction reports. We have the capability to tailor our reports and their frequency to meet client requirements.

Each of the firm's professional staff is evaluated on the basis of his or her education and work experience. Van Strum & Towne requires that all principals have a college degree and comprehensive knowledge of investments, banking, and finance. In addition, any associated persons involved in determining investment strategy or giving investment advice to clients must pass the Series 65: Uniform Investment Adviser Law Examination. All of the firm's owner-officers are CFA Charterholders.

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute — the largest global association of investment professionals.

To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join the CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The three levels of the CFA Program test proficiency within a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, requires CFA Charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Item 5: Fees and Compensation

A. Van Strum & Towne earns the majority of its fees based on a percentage of assets under management.

The following fee structure normally applies, but other arrangements, including flat fees, are possible given the specifics of an account:

1% on first	\$2,000,000
3/4% on next	\$3,000,000
1/2% on next	\$5,000,000
Negotiable above	\$10,000,000
Minimum Fee	\$20,000

All fees are negotiable at Advisor's sole discretion subject to the particular circumstances of each client.

B. Fees are billed quarterly and may be deducted directly from the client account or paid directly by the client. Clients may select either method of payment.

C. Fees associated with money market funds, exchange traded funds, and mutual funds are absorbed by the client in addition to Van Strum & Towne's fee. The client also pays other fees such as custodian fees, trustee fees, and commissions. Please see Item 12 for a discussion of brokerage arrangements.

D. Bills are neither presented nor payable in advance of services rendered.

E. Supervised persons are not compensated for the sale of securities or investment products.

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

Van Strum & Towne does not charge performance-based fees.

Item 7: Types of Clients

Van Strum & Towne provides investment counsel and portfolio management services to high-net-worth individuals, individuals, trusts, foundations, endowments, IRAs, 401 (k) plans, partnerships, and pension and profit sharing plans.

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

A. Methods of Analysis:

Van Strum & Towne's primary method of security analysis is fundamental analysis. The firm may supplement fundamental analysis with technical, charting and cyclical analysis. The sources of our analytical materials include annual reports, prospectuses, SEC filings, company press releases, financial newspapers, magazines and journals, corporate rating services, research materials prepared by others and inspections of corporate activities, which may include meetings with company representatives.

Investment Strategy:

Our investment philosophy is based on principles of capital preservation, growth of capital, and minimization of risk.

Van Strum & Towne's investment strategy is dictated by each client's unique circumstances. We invest according to client objectives, meaning that client portfolios may be invested up to 100% in any single asset class. Client portfolios may include investments in common stocks, preferred stocks, convertible securities, warrants, real estate investment trusts or limited partnerships, oil and gas limited partnerships, certificates of deposit, money market funds, mutual funds, exchange traded funds, corporate bonds, municipal bonds, United States Treasury and United States Government Agency bonds.

Van Strum & Towne does not use leverage as part of its investment strategy, although clients may request an account be placed on margin. The client must sign a margin account application with the broker-dealer when the margin account is opened. Van Strum & Towne's investment approach generally emphasizes long-term holding periods. Van Strum & Towne may at times take action or give advice to any of our clients that differs from actions and/or advice given to other clients.

Our investment approach primarily emphasizes common stock and fixed income investments, which are further discussed below.

Common Stock Investing:

Van Strum & Towne uses fundamental analysis when selecting common stocks. The firm's common stock analysis considers a company's historical and prospective earnings and earnings growth, financial strength, valuation, and overall ability to generate future cash flow. These factors are key inputs in the investment decision-making process for common stock investments. Where appropriate, we invest in selected smaller companies when they offer unusual opportunities for capital appreciation. Van Strum & Towne may review technical analysis and charting research, but these tools are not primary inputs.

Fixed Income Investing:

Van Strum & Towne selects fixed income investments according to client objectives and tax circumstances. We place an emphasis on high-quality, investment-grade securities using tools such as issuer financial statements and reports, rating agency reports, prospectuses, and historical pricing analysis.

Investing in any type of security involves risk of loss that clients should be prepared to bear.

B. Risks associated with our strategy include, but are not limited to:

Event risk – the risk that low-probability, high-magnitude events have on markets and individual securities.

Risk of total principal loss – the risk that an investment loses its entire value and is deemed worthless.

Market risk – the risk any security experiences due to changes in the broad economy or its respective industry.

Entity specific risk – the risk specifically associated with one entity and its management.

Interest rate risk – the risk that a portfolio of fixed income investments fluctuates with changes in interest rates.

Reinvestment risk – the risk investors bear when forced to reinvest proceeds from fixed income securities that have matured or been called in a lower interest rate environment than when the securities were originally purchased.

Liquidity risk – the risk that the ability to convert a security to cash is greatly diminished due to market dislocations or supply/demand imbalances.

Default risk – the risk that an issuer of a fixed income investment is unable or unwilling to pay scheduled interest or principal payments.

Litigation risk – the risk that major litigation harms an investment's intrinsic value.

Currency risk – the risk that relative changes in currencies and interest rates may adversely affect the intrinsic value of a security.

Fraud risk – the risk that a material fraud adversely impact the intrinsic value of a security.

C. Van Strum & Towne invests primarily in common stocks of publicly traded companies and fixed income securities. The material risk of investing in common stocks and/or fixed income securities is total principal loss. The general risks associated with these two asset classes relate to event risk, liquidity risk, and market risk.

Item 9: Disciplinary Information

No disciplinary violations to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Neither Van Strum & Towne nor any of its management persons has an application pending to register as a broker-dealer or a representative of a broker-dealer.

B. Neither Van Strum & Towne nor any of its management persons has an application pending to register as a futures commission merchant, commodity pool operator, a commodity-trading advisor, or an associated person of the foregoing entities.

C. Van Strum & Towne has no relationships with entities that require disclosure that are not already disclosed elsewhere in this brochure.

D. Van Strum & Towne does not recommend other investment advisers to our clients for compensation.

Item 11: Code of Ethics

A. Van Strum & Towne is engaged in a highly confidential, personal service business. The Securities and Exchange Commission as well as several state regulatory agencies regulates the firm. All employees are required to comply with applicable federal securities laws, including the Securities and Exchange Acts of 1933 and 1934 as well as the Investment Advisers Act of 1940. The firm's Code of Ethics articulates standards of conduct expected of all supervised employees to ensure adherence to our responsibilities as fiduciaries. A fiduciary is a person or entity in a position of trust that owes a duty of loyalty and care to another person or entity. A fiduciary is expected to act in an honest and good faith manner with regard to all client matters. Other topics covered in the Code of Ethics include privacy, personal trading, insider trading, and general standards of conduct.

B. Van Strum & Towne and its related persons do not recommend to clients, or buy and sell for client accounts, securities in which the firm or related person has a material financial interest.

C. and D. Van Strum & Towne and its related persons may invest in the same securities for its personal accounts that it recommends to clients. While this may present a conflict of interest, access persons are required to receive pre-clearance prior to placing a trade in

their personal accounts. As a fiduciary, Van Strum & Towne endeavors to place the interests of clients above the interests of the firm or its related persons own interests.

A copy of Van Strum & Towne's complete Code of Ethics is made available to clients and prospective clients upon request.

Item 12: Brokerage Practices

A.1. Research and Soft Dollar Benefits

We may suggest broker-dealers to clients based on such factors as the size of the account, service requirements, and trading activity. Van Strum & Towne also considers the reasonableness of commissions, administrative support, and other services provided by the broker to the client.

In executing transactions for discretionary accounts, Van Strum & Towne selects broker-dealers with the objective of obtaining the best available price and most favorable execution ("best execution") for each transaction. In selecting broker-dealers, Van Strum & Towne uses its judgment in determining which broker-dealers provide the best overall execution or services for a given transaction. To achieve best execution, investment advisers are not required to select the broker-dealers that offer the lowest possible commissions, but instead are required to evaluate a broad array of criteria such as financial stability, responsiveness, back office capabilities, confidentiality, and any other factors that affect the overall value received by the client in exchange for the brokerage commissions.

Van Strum & Towne records the amount of client commissions directed to certain broker-dealers with the intent of directing enough brokerage to continue to receive research and services directly related to the investment decision-making process. Van Strum & Towne would have to purchase the aforementioned research and services if it did not direct client brokerage to certain broker-dealers. This fact creates an inherent conflict between the client's desire for the lowest possible commission and Van Strum & Towne's need for research and services that benefit all its clients. Van Strum & Towne determines in good faith that it receives best execution and that commissions paid are reasonable in relation to the value received.

During 2011, in exchange for brokerage commissions, several broker-dealers provided investment information and research services such as reports on domestic and global economic trends, industry analysis, specific individual companies, regulatory updates, tax law changes, and other information that may affect the investment management decision-making process. Such research includes advice, given either directly or through publications or writings, as to the value of securities, and advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities.

Additionally, a relationship exists between Van Strum & Towne and a broker-dealer under which a portion of client brokerage commissions are used to pay for software that integrates and automates the investment management process and facilitates data integration. This software is considered a "mixed use" product and as such Van Strum & Towne makes a reasonable allocation of the total cost of the software to be paid through commission dollars. A "mixed use" product is defined as services or products provided to an investment manager by a broker-dealer through a brokerage arrangement that has the capacity to be used in both the investment decision-making process and the management of the firm.

The aforementioned research reports and software are utilized by Van Strum & Towne in servicing all of Van Strum & Towne client accounts; however, it is recognized that a particular account may be charged a commission paid to a broker-dealer that supplied research services not utilized by the same account. Under certain circumstances, Van Strum & Towne may complete transactions through a broker-dealer that provides research services to Van Strum & Towne even though such transactions may cause a client to pay a higher commission than otherwise could be obtained. In selecting such broker-dealers, Van Strum & Towne will make a good faith determination that the amount of commission is reasonable relative to the value of the research received. Van Strum & Towne believes that all accounts benefit overall from such a practice as each receives the benefit of research otherwise not available.

Products and Services Available to Us From Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like Van Strum & Towne. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Van Strum & Towne manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Following is a more detailed description of Schwab's support services:

Services That Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to Van Strum & Towne other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

A. 2. Brokerage for Client Referrals

Van Strum & Towne does not direct brokerage to specific broker-dealers in exchange for client referrals.

A. 3. Directed Brokerage

Van Strum & Towne also periodically places trades through specific broker-dealers as directed by clients ("directed brokerage"). In requiring Van Strum & Towne to execute transactions through a specific broker-dealer, the client is made aware they may pay higher commissions or receive less than best execution than clients who do not since

directed brokerage negatively affects Van Strum & Towne's ability to negotiate commissions for the client.

B. Trade Order Aggregation

Periodically, Van Strum & Towne aggregates into one transaction the purchase or sale of securities for several accounts. Van Strum & Towne believes aggregated purchases provide the opportunity for more favorable execution than could be achieved from separate transactions. When such transactions occur, Van Strum & Towne endeavors to ensure that each account is treated in as fair a manner in regards to the price paid or received.

Item 13: Review of Accounts

A. Van Strum & Towne reviews the investments in client accounts on a continuous basis. Clients can discuss their investment portfolios, financial circumstances, and asset mix at any time either through an in-person meeting or conference call.

Our internal portfolio review and control procedures are designed to ensure that we are meeting client objectives and include: asset mix, diversification, price of securities, cash management, risk characteristics, and review of individual issues held. We rely on clients to update us on changes to their financial circumstances.

Van Strum & Towne's portfolio managers, all of whom are actively involved with clients, are responsible for the ongoing review of accounts. Account reviews are collaborative and involve an assessment as to whether portfolios are aligned with client objectives, asset mix, and other portfolio requirements. Van Strum & Towne does not assign a specific number of accounts to each portfolio manager.

B. Van Strum & Towne reviews client accounts on a continuous basis.

C. Van Strum & Towne's written and oral reports to clients provide a comprehensive description of their investment portfolio's performance and status. Clients receive quarterly portfolio appraisals that include transaction and gain and loss summaries.

Item 14: Client Referrals and Other Compensation

A. Van Strum & Towne does not compensate any non-client person or entity for client referrals.

B. Neither Van Strum & Towne nor any of its related persons compensates any person who is not a supervised person for client referrals.

Item 15: Custody

Van Strum & Towne does not act as a custodian. Van Strum & Towne does, in certain instances, have limited power of attorney to automatically deduct management fees directly from a client's account.

Van Strum & Towne urges clients to compare the statements received directly from their qualified custodian or broker-dealer to Van Strum & Towne's statements.

Item 16: Investment Discretion

The majority of clients grant Van Strum & Towne discretionary authority over managed assets, subject to specific client objectives and restrictions. This authority is detailed in the investment management agreement. Most clients generally grant Van Strum & Towne a limited power of attorney to execute trades and deduct management fees. If an account is discretionary, Van Strum & Towne will make and implement investment decisions, including which securities are purchased and sold, when these securities are purchased and sold, and the total amount of securities to be purchased and sold. The aforementioned transactions will be made in accordance with Van Strum & Towne's understanding of the client's objectives, circumstances, and restrictions and without prior consultation with the client. Clients may impose restrictions on investing in specific securities, companies, or industries.

Item 17: Voting Client Securities

A. Our authority to vote or not to vote proxies is generally established at the inception of the client relationship. Van Strum & Towne does not publicly disclose how it votes proxies.

Proxy votes generally are cast in favor of proposals that maintain or strengthen the interests of shareholders. Proxy votes are cast against proposals deemed to have the opposite effect. In the event of a potential conflict of interest, the portfolio manager meets with the firm's Investment Policy Committee to determine an appropriate course of action. If the Investment Committee determines that a conflict exists, the client will be contacted and the conflict disclosed. Clients have the right to inquire about how Van Strum & Towne votes a particular proxy and may obtain a copy of our policies and procedures upon request. Clients may also request that Van Strum & Towne vote a proxy in a specific manner assuming that sufficient advance notice is given.

B. Clients may retain the right to vote their proxies if they so choose. In this case, clients will receive their proxies directly from the custodian or broker-dealer. Clients may contact Van Strum & Towne for advice, but the ultimate authority to vote the proxy remains with the client.

Item 18: Financial Information

A. Van Strum & Towne does not require or solicit prepayment of fees and, therefore, is not required to include an audited balance sheet with this brochure.

B. Van Strum & Towne does not have custody of clients' funds or securities, or require or solicit prepayment of fees. Van Strum & Towne has discretionary authority and is unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients.

C. Van Strum & Towne has not been the subject of a bankruptcy petition within the last ten years.