

Item 1 – Cover Page

K.P. SMITH ASSET MANAGEMENT

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402-392-0509

Date of Brochure 05-22-12

This Brochure provides information about the qualifications and business practices of Keith Paul Smith, D.B.A. K.P Smith Asset Management. If you have any questions about the contents of this Brochure, please contact us at 402-392-0509. 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 K.P Smith Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov

K.P Smith Asset Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, as of 2011, is a document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochures did not require. In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at 402-392-0509.

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Item 4 – Advisory Business

A. K.P. Smith Asset Management is a Fee-only, full service investment management and advisory firm, and has been a Registered Investment Adviser since 1992.

B. Description of Services: Adviser provides a variety of investment advisory services to individual, corporate, and qualified plan clients, which may include all or some of the following:

1) Definition of Client Goals and Objectives

A basic determination of the client's goals and objectives, time horizons, risk tolerance levels and portfolio target returns. We assist the client in developing a "job description" for client assets.

2) Personal Financial Planning

Analysis and advice tailored to the individual client in areas including retirement funding, financial independence, estate planning, education funding and insurance needs.

3) Quarterly Portfolio Reporting

A complete quarterly investment accounting of client portfolios divided by asset categories and including such information as: cost basis, current market value (or estimate thereof), realized and unrealized gains and losses, and income received. All information is both cumulative and year-to-date.

4) Product and Partnership Analysis

Objective review of proposed client investments such as mutual funds, real estate (direct and indirect), oil and gas, equipment leasing, cable television, annuities and variable life insurance.

5) Existing Portfolio Reviews

Objective review of client's existing portfolio and asset allocations.

6) Portfolio Management Services

Mutual Funds, individual equities, bonds, in balanced portfolios constructed and managed by the Adviser on an individualized client basis.

C. All our advisory services are tailored to the individual needs of the client. Any making or implementing of investment decisions by the Adviser for a Client will be in accordance with investment guidelines previously agreed to by both the Adviser and the Client. These guidelines, of course, may impose restrictions on investing in certain securities or types of securities.

D. K.P. Smith Asset Management does not participate in any wrap fee programs for clients.

E. In round numbers, Adviser had \$49,000,000 in assets managed on a discretionary basis in brokerage accounts as of December 31, 2011.

Item 5 – Fees and Compensation

Applicant typically provides services on either a fixed fee or a percentage of assets basis. Our typical flat fee is calculated at 1.75% per year (0.44% per quarter) of the market value of client's assets when they are placed under our active management, \$3,500 minimum per year, \$875 per quarter). If retained on an hourly basis for services, the rate is \$400 per hour (minimum of one-half day equivalency). All fees are subject to negotiation.

Payment of Fees:

Fixed fees are billed on a quarterly basis in arrears. Portfolio management services are billed on a quarterly basis or as otherwise specified in the engagement letter defining the services to be provided, but no fees shall be billed in advance.

The specific manner in which fees are charged by Adviser is established in a client's written agreement with K.P. Smith Asset Management. Fees will generally be billed on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize K.P. Smith Asset Management to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Adviser'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 custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Adviser's fee, and K.P. Smith Asset Management shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

K.P. Smith Asset Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

K.P. Smith Asset Management provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and trust programs.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Adviser's investment approaches are proprietary. They involve investment models developed while he was a Professor of Mathematics, used in timing investment decisions. Otherwise, empirical probabilities and behavioral finance studies are incorporated into adaptive and pragmatic decision making by the Adviser. Investment choices are tailored to the individual client as well to the current investment environment. Our intent is to use lower risk alternatives when making investment decisions. Generic investment strategies are normally not used.

Item 9 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of Adviser's management. As for K.P. Smith Asset Management, we have not been the subject of any complaints nor have we been involved in any disciplinary proceedings since the start of this business.

Item 10 – Other Financial Industry Activities and Affiliations

Adviser is registered in the Financial Advisors Service at Charles Schwab, a discount broker-dealer. Schwab will supply duplicate trade confirmations and account statements to K.P. Smith Asset Management. There is no cost to Adviser or to clients of Adviser for this service. Additionally, Adviser will use the SchwabLink data service for daily computer access to clients' Schwab accounts information. Applicant pays a quarterly fee to Schwab for this information access. Keith P. Smith has an insurance producers license with the State of Nebraska; however, no insurance products are sold by the Adviser, and the Adviser receives no commissions relative to any insurance products purchased by clients.

Adviser is independent, and has no other relationships or arrangements material to our advisory business or to our clients. We specifically have no such relationships that could create a conflict of interest with our clients with any related person listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

Item 11 – Code of Ethics

Applicant may, from time to time, purchase or sell the same securities it recommends to clients. Client orders will always have priority and client will always receive an equal or more favorable price than applicant.

K.P. Smith Asset Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees of K.P. Smith Asset Management must acknowledge the terms of the Code of Ethics annually, or as amended.

K.P. Smith Asset Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will effect the purchase or sale of securities in which the employees of K.P. Smith Asset Management, directly or indirectly, have a position of interest.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of K.P. Smith Asset Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Adviser's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between K.P. Smith Asset Management and its clients. Trades may be done on an aggregated basis, when consistent with K.P. Smith Asset Management's obligation of best execution. In such circumstances, all accounts will share commission costs equally and receive their securities at a total average price.

K.P. Smith Asset Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm at 402-392-0509.

Item 12 – Brokerage Practices

The suggestion of brokers to clients will be based on the financial strength of the broker, availability of product, level of service, and most cost effective commission base. Item 10, above, describes our current brokerage arrangement. This arrangement involves no soft dollar benefits to the Adviser.

Item 13 – Review of Accounts

Account Reviewers: Advisor continually monitors all clients' assets to determine price trends. Applicant utilizes all relevant sources in monitoring assets, including prospectuses, press releases, etc. Using this information, combined with applicant's assessment of general trends in the economy and interest rate market, client's assets are assessed as to their future performance.

Reviewer: All accounts are reviewed by Keith P. Smith.

Clients will be furnished quarterly reports on their accounts. These reports will include portfolio appraisal, and an interest, dividend and expense reporting. In addition, clients receive statements directly from any brokerage accounts, mutual funds, insurance companies, etc., which may be holding assets on behalf of the client.

Item 14 – *Client Referrals and Other Compensation*

No client is ever asked or incentivized to provide referrals. And no other firm or individual who provides referrals to our firm will be compensated by us. We will also accept no compensation from any other firm to which we have referred our clients for services.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer or qualified custodian that holds and maintains client's investment assets. K.P. Smith Asset Management urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

K.P. Smith Asset Management usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any guidelines and restrictions previously agreed to by the K.P. Smith Asset Management and Client. When selecting securities and determining amounts, K.P. Smith Asset Management observes the investment policies, limitations and restrictions of the clients for which it advises.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, K.P. Smith Asset Management does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. K.P. Smith Asset Management may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment Advisers are required in this Item to provide you with certain financial information or disclosures about Adviser's financial condition. K.P. Smith Asset Management 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.

Item 19 – Requirements for State-Registered Advisers

K.P. Smith Asset Management maintains primary registration with the State of Nebraska. Adviser is also registered with the State of Iowa. This is the sole business activity of the Principal Keith P. Smith.

Formal Education and Business Background:

KEITH P. SMITH, Ph.D., CFP®

Registry of CFP® Practitioners
NAPFA-Registered Financial Advisor

Ph.D., Iowa State University,
mathematics; minors - statistics, symbolic logic
M.S., Florida State University, mathematics
B.S., Iowa State University,
mathematics; minors - psychology, statistics

Instructor and Research Associate,
Iowa State University
Mathematics Professor, University of
Nebraska at Omaha
Lecturer in Business in the MBA
program, Creighton University

Management Consultant, K. P.
Smith & Assoc., 1977-1981

Broker and Financial Planner, A. G.
Edwards and Paine Webber, 1981-1989

Fee-Only Investment Advisor since
1989: (Williams & Co. [regional accounting
& consulting firm], 1989-1992; K.P. Smith
Asset Management, 1992-present)

Series 7, NYSE/NASD, 1981; Series 63, 1981; Series 3, CFTC, 1981; General Securities Principal, NASD, 1989; Nebraska Life Insurance and Variable Annuity Licenses, 1981; Certified Financial Planner designation, 1987; Uniform Investment Adviser Law Examination- Series 65, 1992.