

Jacobs & Co.

FORM ADV PART 2A* SEC-Required Brochure

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*This brochure provides information about the qualifications and business practices of Jacobs & Co. If you have any questions about the contents of this brochure, please contact us at telephone 415.777.1617. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Jacobs & Co. is available on the SEC's website at www.advisorinfo.sec.gov.

MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A

This updated Form ADV Part 2A contains the following changes from the prior versions:

- Updated information as to the Firm's assets under management.
- Routine revisions and updates to formatting.
- Non-material edits to the description of prior disclosures.

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1. ADVISORY BUSINESS

Registration Status -	Registered with the SEC on September 1, 1976 ¹
Principal Owners -	Matt D. Jacobson Thomas W. Newmeyer

ADVISORY SERVICES

Investment Management Services

Jacobs & Co. (sometimes “Advisor” or the “Firm”) is a California partnership that provides investment management and other financial consulting services to its clients. Investment management services are provided on a discretionary basis and include, among others, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments.

Jacobs & Co. accepts clients for which its investment strategy is suitable and appropriate. This determination is made through client consultations during which the client and our portfolio managers evaluate the client’s investment objectives, financial circumstances, investment experience, time horizon and risk tolerance level. We evaluate each new client’s existing investments and where necessary develop a plan to transition such existing investments into or out of the client’s portfolio as required by our investment strategy.

Our Firm is granted exclusive discretionary authority over client investments and is appointed to act as the client’s agent with the authority to purchase and sell securities for the client without prior client approval. Notwithstanding this discretionary authority, the Firm will not effect any transaction which would contravene the express directions of the client with respect to the purchase or sale of specific securities.

Jacobs & Co. generally requires clients to place a minimum of \$500,000 under management with the Firm. Multiple client accounts may be aggregated to meet this minimum. Under certain circumstances, and in its sole discretion, the Firm may waive or alter the minimum account size requirement.

The client may make additions to and withdrawals from their custodial account at any time. If assets are withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the billing period. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. We design our client portfolios as long-term investments and asset withdrawals may impair the achievement of a client’s investment objectives. Client accounts with significant withdrawals that reduce assets below the Firm’s minimum account size may result in the Firm terminating the relationship with the client.

¹ “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

Additions may be in cash or securities provided that we reserve the right to decline to accept particular securities into a client's account in our discretion. The Firm may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Financial Planning and Financial Consulting Services

Jacobs & Co. provides comprehensive financial planning services on a fixed fee basis. Jacobs & Co.' financial planning or consultation services may include a financial review and analysis of some or all of the following areas:

- Determining Financial Goals And Objectives
- Asset Allocation Review
- Retirement Plan Analysis
- Employee Stock Option Analysis
- Current Portfolio Review
- Education Funding Analysis
- Cost Audit of Current Investments
- Cash Flow Management Review
- Review of Insurance Needs
- Mortgage and Refinance Evaluation
- Estate Plan Review or Development
- Charitable (or social capital) Planning
- Opinion on Current Investment Strategy/Advisors
- Other financial or investment analysis

Unless provided in connection with the investment management services described above, clients engaging Jacobs & Co. to provide financial planning or consulting services will generally be required to enter into a separate written agreement with Jacobs & Co. setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. Financial planning and consultation clients are not required to be investment management clients of the Firm.

Clients are advised that a conflict of interest exists if the Firm recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Jacobs & Co. under a financial planning / consulting engagement and/or to engage the services of any recommended professional, including Jacobs & Co. itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations.

General Notice

In performing its services, Jacobs & Co. relies upon the information received from its client or from their other professional legal and accounting advisors, and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2010

Discretionary Assets - \$ 263,599,282

Non-discretionary Assets - \$0

TERMINATION OF AGREEMENT

Clients may terminate their investment management agreement at any time upon written notice to the Firm. Any prepaid fees owed to the client will be refunded on a pro rata basis determined on the amount of time expired in the billing period. Any fees owed by the client to the Firm will be pro-rated to the time transpired in the billing period and deducted from the client's account or invoiced.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

2. FEES AND COMPENSATION

ADVISORY FEES

Investment Management Fees

For its investment management services, Jacobs & Co. charges an annual fee based on a percentage of assets under management. The Firm's standard fee practice is to bill clients every three months in relation to the month in which investment management services commenced (and not necessarily on the calendar quarter.) Clients are billed every three months, payable in advance of services. Each billing is based upon the value of the assets in the client's account as of the last business day of the month ending prior to billing. All assets in the Account are included in the fee assessment unless specifically identified in writing for exclusion. In all cases, the market value of the client's account(s) is determined using the following guidelines: (a) for marketable securities: the current market price provided by the client's custodian or third party pricing service; (b) for securities for which there exists no active market (such as real estate or other illiquid securities), by using such information as the Firm shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) cash or equivalents, at dollar value.

The Firm's standard fee schedule is as follows:

Value of Account Assets	Annual Fee	Per Billing Period
On the market value up to \$500,000	1.00% plus	0.25% plus
On the market value between \$500,000 and \$4,000,000	0.75% plus	0.1875% plus
On the market value over \$4,000,000	0.50%	0.125%

Our fees are not calculated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)). We do not seek, nor do we accept, sales fees or commissions.

The client's investment management fee to Jacobs & Co. is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at the Firm's discretion. Certain clients whose relationships with the Firm pre-date 2010 may have different billing arrangements. Services provided for the above fees are for investment advice and quarterly reporting of asset holdings, valuations and performance reviews. Jacobs & Co., in its sole discretion, may negotiate to charge a lesser annual fee or lesser investment management fee based upon, among other criteria, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition and/or a pre-existing client relationship.

Financial Planning and Consultation Fees

Financial planning and other financial consultation engagements are billed on fixed fee basis determined at the time of the engagement.

GENERAL FEE DISCLOSURE

Jacobs & Co. believes its fees are competitive with those fees charged by other investment advisors for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Jacobs & Co. The client's fee is determined in accordance with the above fee structure, with exceptions negotiated on a case-by-case basis at Jacobs & Co.'s discretion. Any deviations from the fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

Clients typically authorize the custodian of their account(s) to debit the client's account for the amount of Jacobs & Co.'s investment management fee and to directly remit that management fee to Jacobs & Co. The client's custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Jacobs & Co. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated. Clients must discuss any discrepancy in fees with Jacobs & Co. within 30-days of the billing date.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Jacobs & Co. in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Jacobs & Co. may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to Jacobs & Co. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians and other third parties such as 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

FUND DISCLOSURES

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by Jacobs & Co., clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Jacobs & Co... As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

3. PERFORMANCE-BASED FEES

No part of Jacobs & Co.'s investment management fee is based upon capital gains or the capital appreciation of assets.

4. TYPES OF CLIENTS

Our clients include individuals and high net worth individuals, trusts and estates, pension and profit sharing plans, corporations and other business entities. We have established a \$500,000 minimum value of assets for opening an individual client account, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances.

As a result of the minimum account requirement, Jacobs & Co.'s services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Depending upon the type of investment, Jacob & Co. utilizes a combination of fundamental, technical and cyclical analyses. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Technical analysis involves analyzing statistics provided by market activity such as past prices and volume to identify patterns that can be used to predict future activity. Cyclical analysis refers to stocks that are sensitive to business cycles and tied strongly to the overall economy (i.e. automobiles and housing). In performing these analyses, we consult third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals.

INVESTMENT STRATEGY

Jacobs and Co. offers active investment management with a focus on high quality equities and fixed income issues.

Equity Investments

The Firm concentrates on large capitalization common stocks. We select issues for our clients' portfolios that have good earnings growth potential for the foreseeable future, which we believe has not been fully reflected in the price of the stock. Most of the issues in which we invest pay dividends with the potential for future dividend increases. We hold most investments for at least a year and have low turnover ratios.

Fixed Income Investments

Jacobs & Co. builds laddered fixed-income portfolios for our clients' investment accounts. We focus on high-quality tax-exempt issues, corporate bonds, taxable municipal bonds and U.S. Government and Agency issues. We make our investments in fixed-income issues with the intention of holding them until redemption. As a result, we have low turnover in our fixed-income issues.

All of our clients' accounts are managed on a discretionary basis. We manage each account independently of all others, for we feel it is important to consider each client's financial situation when making investment decisions.

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases - on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Bond Pricing - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

Inflation - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

Price Fluctuation - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

6. DISCIPLINARY INFORMATION

Jacobs & Co. has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Jacobs & Co. is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients custody their investment accounts at Charles Schwab & Co., Inc. (“Schwab”), we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Jacobs & Co., its principals and employees and their immediate families (collectively “employees”) are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees are required annually to review the Firm’s code of ethics and to sign a certification that each will abide by its provisions. Each employee is required to report all personal securities transactions on a regular basis. No employee is permitted to execute or facilitate any securities transaction on the basis of inside information. Jacobs & Co.’s employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. It is Firm policy that no employee trade will be given preference over the interests of Firm clients. Trades by clients and employees in the same security on the same day must wait until the end of the trading day for execution. On rare occasions, employee trades in a given security may be completed before it is determined that a client trade in the same security on the same trade day would be in the best interest of the client. From time to time, trading by employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients.

Employees may buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. The Firm is not obligated to acquire for any client account any security that is acquired for any Firm or employee account (or for the account of any other client), if in the discretion of the Firm based upon the client’s financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

It is possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

9. BROKERAGE PRACTICES

RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER

Jacobs & Co. recommends that clients establish brokerage accounts with Schwab, a FINRA registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab is independently owned and operated and not affiliated with Jacobs & Co. and does not supervise or otherwise monitor Jacobs & Co.'s investment management services to its clients. Schwab provides the Firm with access to its institutional trading and custody services, which typically are 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 clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon Jacobs & Co. committing to Schwab any specific amount of business (in the form of either assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institution investors or would require a significantly higher minimum initial investment.

Schwab also makes available to Jacobs & Co. other products and services that benefit Jacobs & Co. but may not benefit its clients. Some of these other products and services assist Jacobs & Co. in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Jacobs & Co.'s fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Jacobs & Co.'s accounts, including accounts not maintained at Schwab. Schwab also makes available to Jacobs & Co. other services intended to help Jacobs & Co. manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Jacobs & Co. by independent third parties. Schwab may discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to Jacobs & Co.

We recommend that our clients maintain their assets in accounts at Schwab based in part on the benefit to the Firm of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

DIRECTED BROKERAGE

In a limited number of cases, clients may direct Jacobs & Co. to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, Jacobs & Co. is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed Jacobs & Co. to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by our portfolio managers because of our inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, we may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs us to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

BEST EXECUTION

Jacobs & Co. is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, Jacobs & Co.'s primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, Jacobs & Co. may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. Jacobs & Co. may select broker-dealers whose fees may be greater than those charged for similar investments if Jacobs & Co. determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

Jacobs & Co. reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom Jacobs & Co. executes transactions on behalf of clients.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

Jacobs & Co. is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as “soft dollar” services and research, from that broker or allows the broker to pay for such research or services on its behalf. “Soft dollars” refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Because many of these services benefit investment advisors in conducting their advisory businesses, and because the soft dollars used to acquire them are assets the advisors’ clients (in the form of commissions), such soft dollar practices could be considered a conflict of interest whereby the participating advisor has incentive to effect more transactions than it might otherwise in order to obtain those benefits.

Although Jacobs & Co. does not formally participate in soft dollar arrangements, it may receive certain services and research from Schwab by virtue of having its clients custody their assets with Schwab. In such cases, it is the Firm’s policy is to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that provide assistance to Jacobs & Co. in the performance of its investment decision-making responsibilities are permitted.

Soft dollar research and services may include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software. With respect to certain computer equipment and software used for both research and non-research purposes, Jacobs & Co. may allocate the costs of such products between their research and non-research uses, and use soft dollars to pay only for the portion allocated to research uses.

Jacobs & Co. may, on occasion, be the recipient of unsolicited discounts on software and other services. The discounts are generally offered to all firms who fit a common profile and Jacobs & Co. is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. Jacobs & Co. routinely reviews the amount and nature of the research products and services provided by brokers.

AGGREGATION OF TRADES AND POTENTIAL CONFLICTS

Jacobs & Co. may combine transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Jacobs & Co. and/or its associated persons may participate in such aggregated orders.

While Jacobs & Co. believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Jacobs & Co. or its associated persons may not, under certain laws and regulations, be combined with those of some of Jacobs & Co.'s other clients. In such cases, neither Jacobs & Co. nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

10. REVIEW OF ACCOUNTS

Trading in client accounts is monitored daily by Matt D. Jacobson and Thomas W. Newmeyer, the Firm's principals and portfolio managers. Client account holdings are reviewed monthly by the portfolio managers to monitor client portfolio asset allocations, cash allocations and other account factors. Periodic allocation adjustments may be required due to client investment guideline changes, client deposits and withdrawals and changes in the client's financial condition. Additionally, client accounts are reviewed in response to changes in the financial markets. Each

client account is reviewed with the client at least annually at the client's request, to verify consistency with the client's investment objectives, risk tolerance and investment restrictions, if any.

Clients receive a report from Jacobs & Co. every three months that includes relevant account and/or market-related information such as an inventory of account holdings. Clients also receive monthly statements from the qualified custodian of the account, which is generally Schwab showing all securities holdings, contributions, withdrawals and other activities to their accounts. Clients are advised to regularly compare the reports received from Jacobs & Co. with the statements received from the custodian to verify holdings.

11. CLIENT REFERRALS AND OTHER COMPENSATION

Jacobs & Co. has entered an arrangement whereby it pays referral fees to a third party firm or individual for recommending the Firm to prospective clients. The Firm and its employees are not paid referral fees by any third party for referring clients to their businesses.

Jacobs & Co. may direct a certain amount of securities executions to a broker in return for the broker's referral of clients. Directing brokerage to a broker in exchange for investor referrals creates a potential conflict of interest in that Jacobs & Co. might have an incentive to refer its clients' brokerage business to brokers to refer clients.

12. CUSTODY OF CLIENT ASSETS

Jacobs & Co. does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Jacobs & Co. is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party.

Disclosures Related to Custodians

Schwab acts as custodian and executing broker-dealer for Jacobs & Co. clients. Schwab is independently owned and operated and not affiliated with Jacobs & Co. and does not supervise or otherwise monitor our investment management services to our clients.

For Jacobs & Co. client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into client accounts that are held with Schwab. In most cases, trade executions for client accounts custodied at Schwab will be made by Schwab to avoid "trade away" charges otherwise imposed for trades executed at other broker-dealers. In cases where a desired security is not available for

purchase or sale through the custodial broker, and in light of our best execution evaluation, certain executions may be made at a different broker-dealer.

Schwab sends account statements directly to the client (or to an independent third party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to Jacobs & Co. of its investment management fees.

13. INVESTMENT DISCRETION

Clients appoint Jacobs & Co. as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

1. Types of investments;
2. Which securities to buy;
3. Which securities to sell;
4. The timing of any buys or sells;
5. The amount of securities to buy or sell; and
6. The broker-dealer to be used in the transaction; and

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

Except in the case of directed brokerage instructions, client securities transactions generally are executed through the custodian of their account to avoid "trade away" fees for trades that are executed at other broker-dealers. In some cases, a particular security may be not be available through the client's custodian or available only under execution parameters or at an overall cost that makes the use of an alternative executing broker more advantageous for that transaction. In such cases, the portfolio managers have the discretion to select the broker to execute the trade.

14. VOTING CLIENT SECURITIES

It is Jacobs & Co.'s policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in client's account. All such solicitations may be forwarded to client for voting upon client request. Any client wishing to review our proxy voting policies in full may request a copy.

15. STATEMENT OF FINANCIAL CONDITION

Jacobs & Co. does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.