

Hays Investment Advisors
(Part 2A of Form ADV)

3800 American Blvd. West, Suite 1450

Minneapolis, MN 55431

612-486-4820

This brochure provides information about the qualifications and business practices of Hays Investment Advisors. If you have any questions about the contents of this brochure, please contact us at: 612-486-4820. 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 Hays Investment Advisors is available on the SEC's website at www.adviserinfo.sec.gov

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Hays Investment Advisors

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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Advisory Business

Firm Description

Hays Investment Advisors (HIA) was founded in 2002.

HIA provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. As an Accredited Investment Fiduciary, HIA makes sure companies are using the right process to meet their fiduciary responsibility set by ERISA Section 404(c). Using Fi360's defined 22 step fiduciary process, HIA helps the ERISA Section 3(16) plan administrator establish an Investment Committee and develop an Investment Policy that sets the path to follow and what specific parameters that need to be used to select, monitor and replace investment options. HIA also educates employees on why they need to use their plan and how to allocate their assets to best meet their specific goals and objectives.

Principal Owners

James C. Hays is a 100% stockholder.

Types of Advisory Services

- 1) *Limited Scope 3(21) Fiduciary.* HIA typically acts as a limited scope 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using HIA can help mitigate that plan sponsor's liability by following a diligent process.
- 2) *3(38) Investment Manager.* HIA can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. HIA would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

Asset Management

HIA typically sets up four risk-based, asset allocation portfolios for each retirement plan client. These portfolios are titled Professionally Managed Accounts (PMA's) and are tailored to each respective investment committee's desired range of plan participant's risk level. This helps guide the plan participant to more efficiently achieve their individual needs and goals. The following are the basic tenets that guide HIA in making investment recommendations and in managing the PMA's.

- (1) Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the primary influence driving the way a client's assets are intended to be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:
 - Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns.

- Markets are efficient. It is virtually impossible to know ahead of time the direction of the market as a whole or any individual asset class. It is, therefore, unlikely that any individual asset class will succeed in consistently “beating the market.”
 - The portfolio as a whole is more important than any individual asset class. The appropriate allocation of capital among asset classes (*stocks, bonds, cash, etc.*) will have far more influence on long-term portfolio results than the selection of an individual asset class. Investing for the long-term becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
 - For every risk level, there exists an optimal combination of asset classes that will maximize returns. A diverse set of asset classes will be selected to help minimize risk. The proportionality of the mix of asset classes will determine the long-term risk and return characteristics of the portfolio as a whole.
 - Portfolio risk can be decreased by increasing diversification and by lowering the correlation of market behavior among the asset classes selected.
- (2) Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
 - (3) Stocks offer the potential for higher long-term investment returns than cash or fixed income investments. However, stocks are more volatile in their performance. Investors seeking higher rates of return must increase the proportion of stocks in their portfolio, while at the same time accepting greater variation of results (*including occasional declines in value*).
 - (4) Picking individual asset classes and timing the purchase or sale of these investments in order to “beat the market” are highly unlikely to increase long-term investment returns and therefore should be avoided.
 - (5) Lastly, the basic underlying approach to Hays Investment Advisors’ investment management is the optimization of the risk-return relationship appropriate to client’s needs and goals. This will be accomplished by using a globally diverse portfolio including a variety of asset classes of mutual funds and/or managed portfolios to “buy and hold” the selected securities and periodically re-optimize (*rebalance*).

Fees and Compensation

Description

Hays Financial Group will receive 100% of all fees charged to the Client with 23% paid to All Star Financial DBA Hays Investment Advisors as a Registered Investment Advisor fee. These fees can be paid directly or indirectly (through vendor plan expenses) or a combination of both.

Other Fees

Supplementary fees that HIA may receive from the Client may include, but are also not limited to:

- 1 – Investment Policy Development
- 2 – Conducting a request for proposal (RFP) of available record keepers/TPA's
- 3 – Participant Education Meetings
- 4 – Fee Benchmarking Report

These supplementary fees may be paid directly or indirectly (through the record keeper of the plan) by the Client.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is part of the expense ratio. These fees can be in addition to the fees paid by you to HIA.

Types of Clients

Description

HIA generally provides investment advice to all types of ERISA and non-ERISA qualified and non-qualified retirement plans including 401(k) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans or simple cash management needs.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

HIA uses a variety of broad economic indicators that are used to gauge an overall level and direction of the economy. This macro view, along with more specific micro data, then helps assist in setting an overall asset allocation strategy and more specifically, the risk based strategic allocations for the PMA's.

Examples of analysis used include:

1. GDP Level and Growth Rate
2. Employment Growth and Unemployment Rate
3. Interest Rates-Historical levels, Current Monetary Policy, and Futures Indications
4. Corporate Profits-Level and Quarterly/Annual Growth Rates, and consensus IBES/S&P 1-year forward estimates and long-term 3-5 year estimates.

5. Yield Spreads- levels and changes across broad bond sectors
6. Inflation-Consumer and Producer Price Inflation Indexes as well as the ECRI Future Inflation Gauge (FIG).
7. Consumer Spending-current and forecasted growth for forward 1-year
8. Business Investment-current and forecasted growth for forward 1-year
9. Leading Economic Indicators-The Conference Board, the Economic Cycle Research Institute (ECRI) and Organization for Economic Cooperation and Development (OECD) leading economic indicators will be reviewed to gauge future direction of domestic and global economy.
10. Market Volatility-VIX measures and trends.
11. External Risks-Geopolitical and Regulatory risks that could impact markets.

HIA utilizes Morningstar Direct, the FI360 toolkit, along with several other sources to obtain much of the information listed above.

Investment Strategies

Fi360 22 steps

Step 1: Organize

Practice S-1.1

Investments are managed in accordance with applicable laws, trust documents, and written investment policy statements (IPS).

Practice S-1.2

The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined, documented, and acknowledged.

Practice S-1.3

Fiduciaries and parties in interest are not involved in self-dealing.

Practice S-1.4

Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.

Practice S-1.5

Assets are within the jurisdiction of appropriate courts, and are protected from theft and embezzlement.

Step 2: Formalize

Practice S-2.1

An investment time horizon has been identified.

Practice S-2.2

A risk level has been identified.

Practice S-2.3

An expected, modeled return to meet investment objectives has been identified.

Practice S-2.4

Selected asset classes are consistent with the identified risk, return, and time horizon.

Practices S-2.5

Selected asset classes are consistent with implementation and monitoring constraints.

Practice S-2.6

There is an IPS which contains the detail to define, implement, and manage a specific investment strategy.

Practice S-2.7

The IPS defines appropriately structured, socially responsible investment (SRI) strategies (where applicable).

Step 3: Implement

Practice S-3.1

The investment strategy is implemented in compliance with the required level of prudence.

Practice S-3.2

Applicable “safe harbor” provisions are followed (when elected).

Practice S-3.3

Investment vehicles are appropriate for the portfolio size.

Practice S-3.4

A due diligence process is followed in selecting service providers, including the custodian.

Step 4: Monitor

Practice S-4.1

Periodic reports compare investment performance against appropriate index, peer group, and IPS objectives.

Practice S-4.2

Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.

Practice S-4.3

Control procedures are in place to periodically review policies for best execution, “soft dollars,” and proxy voting.

Practice S-4.4

Fees for investment management are consistent with agreements and with all applicable laws.

Practice S-4.5

“Finder’s fees” or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.

Practice S-4.6

There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in any legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Affiliations

HIA is affiliated with All Star Financial (ASF) with a DBA relationship. ASF is an independent SEC Registered Investment Advisory firm. ASF provides full-time professional money management services to a wide range of clients including individual, corporations, pension and profit sharing plans, trusts and non-profit organizations. ASF specializes in managing stock, bond, ETF, and no-load mutual fund portfolios using the Nobel-Prize-winning, disciplined technique of Modern Portfolio Theory. The firm's associates have over 90 years combined experience in the research, selection and monitoring of investments as well as managing risk based asset allocation investment portfolios.

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

Code of Ethics

The employees of HIA have committed to its own specific Code of Ethics that is available for review by clients and prospective clients upon request. HIA also subscribes to all of the FI360 processes which also include their Code of Ethics.

Participation or Interest in Client Transactions

HIA does not buy or sell securities for their clients. There is no trustee or custodial relationship to the client. HIA never has constructive receipt of assets.

Brokerage Practices

Selecting Brokerage Firms

HIA does not have any affiliation with vendors who provide the platform to help manage their client's employee assets. Specific custodian recommendations are made to clients based on a lengthy RFP process that helps detail the specific needs and wants of the client.

As a fee only Registered Investment Advisor, HIA *does not* receive commissions from any of these arrangements.

Review of Accounts

Periodic Reviews

HIA monitors the funds held in their clients' plans on an ongoing basis, and will meet with the client on a quarterly, semi-annual, or annual basis. These reviews are conducted to ensure that the plans are in accordance with its investment policy statement along with all applicable laws. Based on the quantitative and qualitative research by HIA, funds may be placed on mention status, a watch list, or be recommended for replacement or removal from a plan.

Executive summaries are included in all quarterly reports. This allows busy members to be on top of suggested changes or other concerns.

Client Referrals and Other Compensation

Referrals

HIA has been fortunate to receive many client referrals over the years. The firm does not compensate referring parties for these referrals. HIA does not accept referral fees or any form of remuneration from other professionals either when a prospect or client is referred to them.

Custody

Account Statements

HIA does not custody any assets. That is done by the Client's respective vendor.

Investment Discretion

Discretionary Authority

HIA will not take on discretionary authority for trading when acting as a limited scope ERISA 3(21) fiduciary. HIA will take on a discretionary role if the Client has hired HIA to serve as the plan's ERISA 3(38) investment manager. HIA does not take custody or trusteeship of any client assets.

Voting Client Securities

Proxy Votes

HIA does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, HIA will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

HIA does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because HIA does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

All Star Financial DBA Hays Investment Advisors has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

An alternate office has been identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

HIA maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

HIA is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

HIA requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of investment research techniques, money management disciplines, financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, AIF, or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for the types of knowledge listed above.

Robert J. Klefsaas **President, CFP®, AIF®**

Educational Background:

1960

B.A. St. Olaf College, 1982

Founder and President of All Star Financial, Bob began his career in money management in 1983, first at Northwest National Bank, then at State Bond Mortgage and Trust Company. Later, he helped build the highly successful partnership of Webb, Markman & Klefsaas, which he left in 1990 to form ASF. To offer expanded services to his clients, Bob co-founded BankVista where he serves as Chairman of the Board. A graduate of St. Olaf College in Northfield, Minnesota, Bob earned a BA degree in Economics, with concentration in Finance, followed by the designation of Certified Financial Planner (CFP), as well as NASD Series 7, 63, 24 (Registered Principal) and Life/Health licenses.

Mr. Klefsaas has earned the Accredited Investment Fiduciary™ (or AIF®) professional designation, awarded by the Center for Fiduciary Studies, which is associated with the University of Pittsburgh. He has received formal training in investment fiduciary responsibility.

Supervision: Mr. Klefsaas is the President of Hays Investment Advisors.

Maren A. Aipperspach
Vice President, CCO, CFP®

Educational Background:

1949

B.S. University of Dubuque, 1971

Maren, a Certified Financial Planner, is highly experienced in marketing, research and money management. She served as Development Director of the March of Dimes before joining Smith Barney in 1987. Maren came to All Star Financial from a Research Associate position at Merrill Lynch Institutional in 1990. She is a graduate of the University of Dubuque, with advanced studies completed at the University of North Dakota and Dickinson State University. Maren previously held her NASD Series 7 and 63 licenses.

She is the Chief Compliance Officer and meets with clients on a regular basis.

Supervision: Maren is supervised by Robert Klefsaas, President. He reviews Ms. Aipperspach's work through frequent office interactions as well as remote interactions.

Bruce K. Bonner
CFA®, Portfolio Manager

Educational Background:

1956

B.S. Rockhurst College, 1985

Bruce has many years of experience in the financial services industry. Prior to joining All Star Financial in 1998, Bruce worked as a finance investment banker, portfolio manager and investment consultant for insurance companies and commercial lenders throughout the Midwest. Bruce is responsible for researching mutual funds and investment products, communicating with investment vendors, and monitoring economic conditions. He is also responsible for trading activities and working with clients on stock specific questions and valuations. Bruce sits on the investment committee for strategic and tactical decisions that are made. He is a graduate of Rockhurst University in Kansas City, Missouri, where he earned a BS degree Business Administration.

Bruce is a Chartered Financial Analyst, a member of the CFA Institute and the CFA Society of Minnesota and has previously held his NASD Series 7 and 63 licenses.

Supervision: Bruce is supervised by Robert Klefsaas, President. He reviews Mr. Bonner's work through frequent office interactions as well as remote interactions.

Paul A. Sommerstad
Account Executive, AIF®

Educational Background:

1982

B. S. University of St. Thomas, 2005

Paul graduated cum laude from the University of St. Thomas with a degree in Financial Management. While there, he was a four year starter and captain of the football team. Paul served as a summer intern for All Star Financial in 2004 and has transitioned very well to an Account Executive. He manages over 70 401(k), 403(b), and pension plans. In addition, Paul assists in research projects and is a non-voting member of the investment committee. He has earned the Accredited Investment Fiduciary™ (AIF®) from Fiduciary 360. He has received formal training in investment fiduciary responsibility and is preparing for the CFA level 1 exam.

Supervision: Paul is supervised by Robert Klefsaas, President. He reviews Mr. Sommerstad's work through frequent office interactions as well as remote interactions.

Nick J. Hohn
Account Executive, CFP®

Educational Background:

1977

B. A. Minnesota State University, Mankato 2000

Nick entered the financial services industry in 1998 and has focused on financial planning and professional money management for individuals and corporations alike. In June of 2006 he joined All Star Financial as an Account Executive providing sales and marketing support to individual and corporate clients. Prior to joining All Star Financial, Nick was a Financial Advisor with Ameriprise Financial working with individuals and business retirement benefits. At All Star, he specializes in working with individuals and business owners focusing on building long-term, trusting relationships to help them meet the challenges of wealth management.

Nick is a graduate of Minnesota State Mankato where he earned his BS in Financial Planning and Business Management. Nick holds his a CFP designation, NASD Series 7 and 63 securities license along with Health/Life license.

Supervision: Nick is supervised by Robert Klefsaas, President. He reviews Mr. Hohn's work through frequent office interactions as well as remote interactions.