

# **LeJeune Puetz Investment Counsel L.L.C.**

13721 S. West Bay Shore Drive, Traverse City, MI 49684

Phone: (231) 922-0525

Fax: (231) 922-0787

Website: [www.lejeunepuetz.com](http://www.lejeunepuetz.com)

Email: [lejeunepuetz@aol.com](mailto:lejeunepuetz@aol.com)

## **Firm Brochure (Part 2A of Form ADV)**

This brochure provides information about the qualifications and business practices of LeJeune Puetz Investment Counsel L.L.C. If you have any questions about the contents of this brochure, please contact us at (231) 922-0525 or by email at [lejeunepuetz@aol.com](mailto:lejeunepuetz@aol.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("S.E.C.") or by any state securities authority.

Additional information about LeJeune Puetz Investment Counsel L.L.C. also is available on the S.E.C.'s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Depending on the level of assets under management, LeJeune Puetz Investment Counsel L.L.C. will be registered by either the S.E.C. and/or the State of Michigan as an investment advisor. However, registration with either the S.E.C. or the State of Michigan does not imply a certain level or training. Our expertise is described later in this brochure.

***December 31, 2011***

## **Material Changes**

The S.E.C. issued a final rule in July 2010 requiring investment advisors to provide a Firm Brochure in narrative “plain English” format. This new final rule identifies sections of an advisor’s business which needs to be discussed. This narrative brochure of our form ADV Part 2 reflects the final rule.

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

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us at (231) 922-0525 or by email at [lejeunepuetz@aol.com](mailto:lejeunepuetz@aol.com).

## **Table of Contents**

<b>Advisory Business</b> .....	1
Firm Description .....	1
Types of Advisory Services .....	1
Tailored Relationship .....	1
Wrap Fee Programs .....	1
Managed Assets .....	2
<b>Fees and Compensation</b> .....	2
Description .....	2
Billing .....	2
Other Fees .....	2
Compensation for Sales of Investment Products .....	3
<b>Performance-Based Fees and Side-By-Side Management</b> .....	3
<b>Types of Clients</b> .....	3
<b>Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	3
Methods of Analysis .....	3
Investment Strategies .....	3
Risk of Loss .....	4
<b>Disciplinary Information</b> .....	4
<b>Other Financial Industry Activities and Affiliations</b> .....	4
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b> .	4
Code of Ethics .....	4
Participation or Interest in Client Transactions .....	5
<b>Brokerage Practices</b> .....	5
Selecting Brokerage Firm .....	5
Soft Dollar Relationships .....	6
Directed Brokerage .....	6
<b>Review of Accounts</b> .....	6
Periodic Reviews .....	6
Factors That Trigger Review .....	6
Client Reports .....	7
<b>Client Referrals and Other Compensation</b> .....	7
Other Compensation .....	7
Solicitations .....	7

<b>Custody .....</b>	<b>7</b>
<b>Investment Discretion .....</b>	<b>7</b>
<b>Voting Client Securities .....</b>	<b>8</b>
<b>Financial Information .....</b>	<b>8</b>
<b>Requirement for State-Registered Advisers .....</b>	<b>9</b>

## **Advisory Business**

### **Firm Description:**

LeJeune Puetz Investment Counsel L.L.C. (“LeJeune Puetz”) had its beginnings in 1988 when Dennis LeJeune began providing investment services to clients as a fee-only investment advisor. LeJeune Puetz was officially formed in 1997 when John Puetz was admitted as a member/partner.

As an independent advisor, LeJeune Puetz is able to remain objective in its investment advice. We provide investment advisory services to individuals, trusts, foundations, and corporations by creating customized portfolios based on each client’s needs. Portfolios are structured to meet each client’s standards for income, safety, and liquidity. We are able to maintain long-term relationships with clients as a result of incorporating each investor’s unique circumstances into an investment plan.

Currently, John Puetz is the sole principal and portfolio manager for LeJeune Puetz.

### **Types of Advisory Services:**

LeJeune Puetz supervises and manages clients’ investment portfolios as we assist them in reaching their investment objectives. We customize each client’s portfolio to achieve their investment goals within their time horizons while considering their risk levels. We may utilize securities such as individual stocks, government, corporate, and municipal bonds, exchange traded funds, money markets, mutual funds, etc. to meet these objectives.

### **Tailored Relationships:**

LeJeune Puetz endeavors to customize each client’s portfolio based on his/her stated needs and desires. In our initial meeting, we establish the criteria for investing. After determining the appropriate asset allocation and risk tolerance, we construct each client’s portfolio by selecting various securities to meet these goals. In the case of a client expressing a moral objection to certain investments (for example, tobacco companies), we will avoid these investments whenever possible for that specific client.

In addition, each client may retain discretion (or control) over his/her account and this is determined during the initial client consultation. For example, certain clients wish to retain final say over trades within their portfolios. The majority of LeJeune Puetz clients delegate this control to us as long as it conforms to their investment strategy.

When the client grants LeJeune Puetz discretion, we are responsible for the major investment decisions, including: determining the appropriate security, the amount to be bought or sold, and the broker or dealer to be used for the transaction. In general, the securities and amounts purchased or sold will be determined based on client asset allocation and investment suitability. The broker or dealer used will be selected based on best execution with respect to speed, accuracy and costs.

### **Wrap Fee Programs:**

LeJeune Puetz does not participate in any wrap fee programs with another custodian or investment manager.

**Managed Assets:**

LeJeune Puetz has the following assets under management as of December 31, 2011:

Discretionary Basis	\$77,751,000
Non-Discretionary Basis	<u>\$25,523,000</u>
Total Assets under Management	\$103,274,000

**Fees and Compensation****Description:**

As a fee-only investment advisor, LeJeune Puetz strives for complete transparency in our fee structure. We bill our clients an advisory fee based on the value of their total portfolios or assets under management, which includes their money market and/or mutual fund holdings.

Our annual fees are 1.0% of assets under management but may be negotiable.

**Billing:**

We bill our clients a quarterly fee in arrears (after services are provided) based on the balance of the client's portfolio at the end of the quarter. In the case where a deposit or withdrawal in excess of 10% of the portfolio value has been made during the quarter, then the fees shall be charged on the average amount of assets in client's portfolio during that quarter. Fee invoices are mailed to our clients with our quarterly portfolio statements. Our clients may elect to pay our fees with a check or have the fees deducted from their account by signing the invoice and returning it to us. We then forward the signed document to their account custodian (Charles Schwab & Co.), who deducts the fees from the client's account and remits the fee to us.

In certain instances LeJeune Puetz may provide investment advice to clients who do not wish to establish an ongoing relationship or may have a situation that does not warrant ongoing investment advice. These services are provided on an hourly rate and are negotiable between \$150 and \$250 per hour.

**Other Fees:**

Charles Schwab & Co. ("Schwab") is the primary custodian of our clients' accounts and does not charge separately for custody (holding and reporting on client assets). Schwab is compensated by our clients through commissions or other transaction-related fees for trades that are executed through Schwab or that settle into Schwab accounts. Also, money market, mutual, and exchange traded funds all charge advisory fees to their shareholders for management of the underlying fund assets. Therefore, clients of LeJeune Puetz will incur the following expenses:

- a. Quarterly fees paid to LeJeune Puetz (1% annual of assets under management)
- b. Commissions paid to Schwab to purchase/sell securities
- c. Fees to fund managers for ongoing management of mutual funds, money market funds, and exchanged traded funds

The first two set of expenses, our fees and the commissions paid to Schwab, are transparent to our clients through our fee invoices and Schwab's trade confirmations. The fees to the underlying fund managers are

withdrawn from the mutual fund assets on a daily basis and generally are not visible to our clients. We do not publicize that information in our account reporting package; however, it is available upon request.

LeJeune Puetz does not encourage its clients to pay their fees in advance. We feel that services should be provided first before clients are asked to pay for those services. This arrangement also allows us to avoid the refunding of a prepaid fee if the advisory contract is terminated before the end of the billing period.

**Compensation for Sales of Investment Products:**

LeJeune Puetz does not receive any compensation (cash or otherwise) for the sale of any security or investment product purchased for its clients. We believe that this arrangement would create a conflict of interest in our capacity as fiduciary and would be in contradiction to being a fee-only advisor.

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

LeJeune Puetz does not utilize performance-based fees nor side-by-side management due to the potential conflict of interest.

**Types of Clients**

LeJeune Puetz provides investment advisory services to individuals, trusts, foundations, and corporations. For some of our clients, we manage their entire investable assets including profit sharing plans, Individual Retirement Accounts (IRAs), trusts, and joint accounts.

Our primary focus is working with high-net worth clients. We are able to develop long-term relationships with clients as a result of incorporating each investor's unique circumstances into a customized investment plan. We do not impose a minimum dollar value of assets or other conditions for opening or maintaining an account with us.

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

**Methods of Analysis:**

LeJeune Puetz primarily utilizes fundamental analysis in selecting the appropriate securities for client portfolios. We rely upon information obtained from public sources, including but not limited to: financial newspapers and magazines, S.E.C. filings including annual and quarterly reports, ValueLine reports, Morningstar analysis, and other research materials prepared by others.

**Investment Strategies:**

LeJeune Puetz customizes each client's investment portfolio tailored to his/her investment goals, time horizons, and risk tolerances. We do not employ model portfolios which invest new clients in the same investment as other clients with similar profiles. Some of our clients have a 100% exposure to fixed income or bond securities; some of our clients have an almost 100% exposure to equity or stock securities.

For the majority of our clients, we strongly recommend a diversified portfolio of stocks, bonds, and money market funds. We may utilize mutual funds or exchanged traded funds to increase diversification as these vehicles invest in a number of different securities.

*LeJeune Puetz Investment Counsel L.L.C.*

We generally advocate buy-and-hold investing, where a security is held for a long period of time (generally at least three years or longer). Occasionally, market conditions or the investment premise of a security may change and we may sell that security before anticipated. We feel that by minimizing transaction costs and keeping fees and commissions low, our clients have a better chance of reaching their investment goals.

**Risk of Loss:**

Because we cannot guarantee the outcomes of any investment, the risk of loss in any investment is 100%. Clients face investment risk in any investment including: loss of principal, market risk, inflation risk, interest rate risk, currency risk, liquidity risk, and financial risk.

A stock purchased for a client could go to \$0 if a company declares bankruptcy. A bond, especially one that is unsecured by underlying assets, could be worthless if the company defaults on its obligations. However, because most of our clients' portfolios are diversified across many different types of investments, the likelihood of a complete loss of a client's investment is lessened considerably.

**Disciplinary Information**

Our firm and its employees have never been party to any legal or disciplinary action related to past or present activities.

**Other Financial Industry Activities and Affiliations**

The employees of LeJeune Puetz are involved in the fee-only investment advisory business solely and are not involved in any other businesses and/or activities nor do we have any material relationships with any related parties that create a conflict of interest.

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

LeJeune Puetz strives to maintain the highest standards of business ethics. We conduct business in a proper and legal manner and expect our employees to do the same. In most instances, the proper course of action is apparent and we follow it. Compliance with all regulation and legislation is of paramount importance to the firm and its employees as well as to the reputation of the Firm and its principles of honesty, integrity and professionalism.

LeJeune Puetz has established a Code of Ethics which establishes standards of conduct for all personnel in our employ, protects material non-public information about our clients' transactions and requires the reporting of personal securities transactions. We offer a copy of our Code of Ethics to all clients on an annual basis and also provide a copy to each prospective client before signing our investment advisory contract.

We place our clients' interests first and foremost in all matters. In addition, all of our personnel must comply with applicable federal securities laws.



Unless express consent is given by the client:

- We never divulge conversations in any form (oral or written) between our clients and ourselves.
- We never make public any information regarding a client's wealth or holdings.

#### **Participation or Interest in Client Transactions:**

We do not recommend to clients, nor do we buy or sell for client accounts, securities in which we or a related party has a material financial interest.

LeJeune Puetz may, from time to time, invest in the same securities that we recommend to clients. This could result in a potential conflict of interest if we were to time the purchases in the client accounts to benefit our personal trading. For example, we could buy shares of ABC Corporation in our personal account immediately before we purchase shares in all of our discretionary accounts, potentially increasing the price of ABC. However, within our Code of Ethics, as it relates to Personal Trading, we restrict trading in the same securities as our clients within a reasonable time period.

From time to time, we may recommend certain securities to clients who retain discretion over their investment portfolios which we recently purchased for our personal accounts. In those cases, our Code of Ethics requires us to disclose the transactions in the personal accounts to our clients before conducting the trade in the client's account.

#### **Brokerage Practices**

##### **Selecting Brokerage Firm:**

LeJeune Puetz recommends that our clients establish brokerage accounts with Schwab to retain custody of clients' assets and to transact trades for their accounts. Schwab provides LeJeune Puetz with access to its institutional trading and custody services for its clients. These services are available to us at no charge so long as we maintain at least \$10 million of client assets at Schwab. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available other products and services that are of benefit to LeJeune Puetz but may not benefit our clients' accounts. These products and services assist us in managing and administering our clients' accounts and include software and other technology. Schwab provides us with access to client account data (such as trade confirmations and account statements); simplified trading; research, pricing information and other market data. Schwab also handles the payment of fees from our clients' accounts and assists with back-office functions, recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of LeJeune Puetz's accounts, including accounts not maintained at Schwab.

Schwab also makes available to LeJeune Puetz other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

*LeJeune Puetz Investment Counsel L.L.C.*

As a fiduciary, we endeavor to act in our clients' best interests. Our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to LeJeune Puetz. We also take into consideration the availability of some of the products and services that Schwab provides and not just the nature, cost or quality of custody and brokerage services provided by Schwab.

While we generally custody our clients' assets at Schwab, we are allowed to "trade away" from Schwab, meaning we can transact with other broker-dealers for our clients if it is in their best interests. As a fiduciary for our clients, we attempt to obtain the best execution for each trade transacted for our clients. Best execution usually considers the underlying cost to our clients, but may also include timeliness, liquidity, accuracy and other factors.

Clients may ask us to custody their assets at a custodian other than Schwab, which we will do if we feel that that custodian could provide the same level of assurances as Schwab.

**Soft Dollar Relationships:**

Within the investment advisory business, many firms have "soft-dollar benefits", where the advisory firm receives research or other benefits (technology, marketing assistance, etc.) in exchange for higher commissions paid for by their clients. At LeJeune Puetz, we have no soft dollar arrangements as we believe these arrangements would not be in our client's best interests.

**Directed Brokerage:**

We receive no client referrals from Schwab (or any other custodian) in exchange for recommending that our clients custody their assets at Schwab.

We generally do not recommend, request, or require that our clients direct us to execute their transactions through a specific broker-dealer, otherwise known as directed brokerage.

Since we endeavor to customize our client's portfolios, we generally do not aggregate or bundle the purchase or sale of securities for various clients' accounts. We will try to aggregate transactions only if it results in lower fees/commissions for each client involved.

**Review of Accounts**

**Periodic Reviews:**

All of our client accounts are reviewed by John Puetz on a quarterly basis at minimum, and normally monthly. In addition, clients may request a portfolio review whenever they deem necessary. During these reviews, we review asset allocation, portfolio returns compared to major indices, and many other factors which could influence the client achieving their investment goals.

**Factors That Trigger Review:**

When necessary, portfolio reviews are provided on a more frequent basis if market or individual investment decisions so warrant. A review may be triggered by a client request, change in market conditions, changes in tax laws, or any other important changes.

**Client Reports:**

Our clients receive monthly reports from Charles Schwab and any other custodian. We also provide clients with internally generated reports on a monthly or quarterly basis. The reporting timeframe is determined by the client and LeJeune Puetz. Internal reports are generated and mailed to clients generally during the first 3-5 business days following the last business day of each month. With our quarterly statements, we include our Market Outlook, which includes our general thoughts on the economy, bond and stock markets.

Our individually generated report packets contain information regarding the client's holdings, portfolio returns on a historical basis for the quarter-to-date, year-to-date and past 12 months periods, the projected income for the upcoming 12 months, and the transaction report for the past month or quarter.

Copies of our clients' internally generated reports are maintained at our office both in a hard copy and an electronic format. In addition, client statements generated from Schwab and other custodians are kept in our office in electronic format and can also be accessed through the custodian's website.

**Client Referrals and Other Compensation****Other Compensation:**

In the financial services industry, investment professionals may receive an economic benefit other than compensation from a financial services company for promoting that company's products. For example, a mutual fund company may pay for an advisor's travel and incidental expenses to attend a conference. Since we are a fee-only advisor, LeJeune Puetz does not receive any economic benefits from any parties for providing investment advice or other services to our clients. We do not participate in any sales awards or other promotional activities which could create a conflict of interest with our clients.

**Solicitations:**

LeJeune Puetz maintains a relationship with an individual ("Solicitor") who solicits clients on our behalf. This Solicitor is employed in the accounting, tax and consulting business. We pay this Solicitor a fee as compensation for referring clients to us. The fee we pay to the Solicitor does not result in any additional fees to the client. We maintain this relationship with the Solicitor as he has introduced us to clients we would not otherwise meet in the course of our day-to-day business.

The Solicitor is not associated in any way with LeJeune Puetz and does not provide investment advice on our behalf. In some cases, the Solicitor may provide income tax advice to the client that may result in certain transactions in the client's investment portfolio.

**Custody**

LeJeune Puetz does not take custody of client's assets; rather, we use Schwab as the custodian. In its role as custodian, Schwab provides monthly report statements to all of our clients.

**Investment Discretion**

In general, our clients grant us investment discretion to manage their portfolios on their behalf within defined parameters. Even though we have discretion over clients' accounts, we may discuss trades with our clients

before we conduct the transactions. We also have certain clients who wish to be consulted before any trades are conducted in their accounts. Any client may retain discretion over his/her account and this is determined during the initial client consultation.

Once a transaction occurs in a client account, a trade confirmation is sent to the client by the custodian. Occasionally, a client who has granted us discretion will notify us that they do not want to own a particular security in his/her account after the buy transaction has been executed. Once notified, we make our best effort to correct or reverse the trade as soon as is practicable, however, any gain/loss incurred remains in the client's account.

### **Voting Client Securities**

As shareholders of a publicly-traded company, our clients have the ability to vote on important issues presented to them by that company's Board of Directors on an annual proxy vote. These proxies can contain votes for new members of the Board, approval of auditing firms, executive compensation plans, and may include votes on transactions (such as the sale of the company or a purchase of another company).

When we initiate our relationship with a new client and establish his/her account at Schwab, we inquire whether the client desires to keep the ability to vote proxies for his/her securities. In most cases, they do not. We offer to vote the proxies for our clients and indicate this on the account application.

We then offer to discuss our voting policies and procedures with our clients. In addition, we provide a copy of our proxy voting policies to our clients when we offer a contract to them. Further, on an annual basis, we offer to our clients the ability to review our proxy voting policies or to see how we voted proxies for their securities.

In general, we only vote proxies where we feel that the vote will result in added value to the company's stock price. We do not vote proxies if the only items on the proxy are election to the Board of Directors or selection of a public accounting firm. When we do vote the proxies, we will vote in a bundled manner, i.e., all client proxies will be voted as one.

If a situation exists where there is a material conflict between LeJeune Puetz's interests and those of its clients, LeJeune Puetz will not vote on those issues. However, it is deemed highly unlikely that our interests would ever be in material conflict with those interests of our clients.

### **Financial Information**

LeJeune Puetz does not have any financial impairment that will preclude the firm from meeting contractual commitments to our clients. Our firm has never been the subject of a bankruptcy petition. A balance sheet is not required to be provided because LeJeune Puetz does not serve as a custodian for client accounts, and does not require prepayment of investment advisory fees.

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

Beginning in July 2011, LeJeune Puetz will either be registered with the S.E.C. (if assets under management exceed \$100 million) or the State of Michigan (if assets under management are less than \$100 million). We anticipate continuing to be registered with the S.E.C., but include the below information which is required for state-registered advisers in case our assets under management do not exceed \$100 million.

John C. Puetz is the sole principal for LeJeune Puetz. Mr. Puetz has been actively involved in the investment advisory business since 1996 and involved in the financial services business since 1988. He graduated from the University of Notre Dame in 1988 with a Bachelors of Business Administration degree, with a concentration in accounting. After graduating from Notre Dame, he worked at Price Waterhouse, a large accounting and consulting firm, in Chicago. While working at Price Waterhouse, first as an auditor and then within the Valuation Services Group, he obtained his Masters of Management degree with a concentration in finance from the Kellogg School at Northwestern University.

Mr. Puetz passed the Uniform Investment Adviser Law Examination (the Series 65) in November 2009.

Mr. Puetz is not actively involved in any business other than LeJeune Puetz Investment Counsel.