

B F / A N D E R S O N
PRIVATE PORTFOLIO MANAGEMENT

Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure

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This BFA Wrap Fee Program Brochure provides information about the qualifications and business practices of B. F. Anderson & Company, Inc. If you have any questions about the contents of this brochure, please contact us at 225-926-8050 or bfanderson@bfanderson.com. 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. Any references to B. F. Anderson & Co. as a “registered investment adviser” or any reference to being “registered” with the U.S. Securities Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about B. F. Anderson & Company, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 109050.

ITEM 2 MATERIAL CHANGES

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Brochure"), dated June 15, 2011, is our new disclosure document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to prior BFA Wrap Fee Program Schedule H brochures, it does contain additional new information that was not previously required.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Currently, and as of the date of this Wrap Brochure, there are no material changes to disclose since the firm's last filing.

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ITEM 4 SERVICES FEES AND COMPENSATION

Services

B. F. Anderson & Company, Inc. (hereinafter “BFA,” “us,” or “we”) is a Louisiana corporation and an SEC-registered investment adviser with our principal place of business located in Baton Rouge, LA. BFA began conducting business in 1995.

BFA WRAP FEE ADVISORY SERVICES

We sponsor the B. F. Anderson Wrap Fee Advisory Program (the “BFA Program”), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which includes portfolio management, custody and the execution of client transactions, except for certain specialized portfolio fees.

This BFA Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the BFA Program. For a complete description of the other non-wrap fee advisory services offered by our firm and the fees charged for those services, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at 225-926-8050 or bfanderson@bfanderson.com.

BFA Program Description

BFA sponsors and acts as the sole investment manager to the BFA Wrap Fee Advisory Program. We manage BFA Program client accounts using model asset allocation portfolios. We will manage these wrap fee advisory accounts on a discretionary basis only.

BFA provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based upon the individual needs of the client and the firm's Focused Investing strategy. We offer discretionary investment supervisory services to a variety of clients including individuals, high net worth individuals, corporations, and other business entities. The investment programs offered include managing client portfolios of equity securities, mutual funds, exchange traded funds (“ETFs”), among other securities, and are tailored to the stated investment objectives and restrictions, if any, of the client and consistent with our Focused Investing strategy.

Upon the initiation of an advisory relationship, clients complete client information forms which will identify a client's financial background, prior investment experience, investment objectives, goals, and restrictions, if any, and risk tolerances, among other things. The firm also includes in its review of a client's background information and investment objectives, considerations to the suitability and appropriateness of a wrap fee and non-wrap fee investment account for a particular client. The client profile information is maintained by BFA for its clients and updated client information is either provided by a client or obtained by the firm on a periodic basis.

Once the advisory relationship is established, there are no restrictions on a client's ability to contact BFA principals or associated person(s) who are responsible for the client relationship of those accounts managed by our firm.

Clients will retain individual ownership of all securities.

We will review BFA Program accounts on an on-going basis and at least monthly and will rebalance accounts as appropriate. If we believe that a particular investment is performing inadequately, or if we

believe that a different investment is more suitable for the portfolio's goal, then we will reinvest the client's assets accordingly pursuant to the discretionary authority granted by the client.

BFA's clients are advised to promptly notify us if there are any changes in their financial situation or investment objectives which may impact how his/her account should be managed or if they wish to impose any reasonable restrictions upon our management services.

Directed Brokerage. BFA does not have the discretionary authority to determine the broker dealer/custodian to be used for BFA Program client accounts. We have negotiated an arrangement with Charles Schwab & Company, Inc. ("Schwab"), an unrelated FINRA registered broker dealer and Member SIPC, to provide custodial and brokerage services. BFA has evaluated Schwab and believes that it will provide our clients with a blend of execution services, costs and professionalism that will assist BFA in meeting its fiduciary obligations to clients. The designation of a broker other than Schwab would generally be inconsistent with the BFA Program platform. As such, BFA Program clients are required to direct BFA, in writing, to custody the client's BFA Program assets with and to place trades in the client's BFA Program account through Schwab. We reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than Schwab. Clients should note that our firm receives certain benefits from Schwab that it would not receive if it did not provide advisory services to clients. (Refer to the "Benefits Received" Section of Item 9 below for additional information).

In evaluating BFA's arrangement with Schwab, a client should recognize that brokerage commissions for the execution of transactions in the client's BFA Program account are not negotiated by us on a trade-by-trade basis, and best execution may not be achieved. In fact, transactions in the client's account are effected 'net,' i.e., without separate commission charge to the client, and a portion of the wrap fee is generally considered as being in lieu of commissions.

Not all advisers require clients to direct it use a particular broker dealer, though the sponsors of wrap fee BFA Programs typically do.

BFA Program Fees and Costs

BFA charges clients an annual "wrap-fee" for participation in the BFA Program. Clients will be invoiced or their accounts directly debited, as authorized, in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter.

An annual wrap fee will be charged according to the following fee schedule.

The advisory fees for the BFA Program are based upon an annual percentage of the individual client's assets managed. Fees for the Wrap Fee Program (including advisory fees, brokerage, commissions, services and custody) will be an annual 2% of the assets under management or a minimum quarterly of \$375.

The wrap or all-inclusive fee schedule above includes the fees for the advisory services of BFA which range from 1.50% to 1.00% of the managed assets and a fee in lieu of commissions (transaction charges) of 1.50% to 1.00% depending on the amount of assets managed and custody services. Certain specialized portfolio charges as described below are not included in the wrap fee.

The advisory fees are an annual fee and are billed on a quarterly basis in advance based on the portfolio asset value on the last business day of the previous calendar quarter. There is a minimum quarterly fee of \$375 and minimum portfolio size of \$100,000 which may be subject to adjustment for related portfolios.

The wrap fee schedule and portfolio minimum may be negotiable in certain circumstances. In no instances will wrap fees exceed 2% of assets under management or the minimum quarterly fee. As sponsor and sole portfolio manager to the BFA Program, BFA generally retains the portion of the fee paid by the client that is not attributable to commissions and other transaction costs, as applicable.

Advisory fees may vary among our clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided and the length of the advisory relationship with a client among other things.

What services are covered by the BFA Program fees? The BFA Program fees pay for our firm's advisory services to clients under the BFA Program, administrative expenses of the BFA Program, quarterly performance reporting, custody charges for clients' assets custodied at Schwab and brokerage services for BFA Program accounts to the extent trades are conducted through Schwab.

What services are not covered by the BFA Program fees? The BFA Program fees do not include expenses of mutual funds and exchange traded funds such as fund management fees charged to each fund's investors, exchange fees, transfer taxes, odd-lot differentials, or certain administrative fees for wire transfers or certificate issues as well as applicable administrative fees charged by BFA as described above. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

Additional Information about BFA Program fees. In considering the investment BFA Program described in this Brochure, clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this BFA Program may exceed the total cost of such services had they been provided separately. In addition, the BFA Program fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

Similar advisory services may be available from other registered investment advisers for lower fees.

General Information

Negotiability of Fees. In certain circumstances fees may be negotiable. In addition, certain family members and personal acquaintances of BFA's affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Termination. A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Other Fees and Expenses. All fees paid to BFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of our firm. In that case, the client would not receive the services provided by BFA which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and the fees charged by our firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Exchange-Traded Funds. Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

Direct Debiting of Fees. BFA requests authority from the client to debit the BFA Program fee from the Client's Account and for the custodian to remit the fee directly to BFA in accordance with applicable custody rules. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. ***We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.***

Additional Considerations. Advisory fees may vary among our clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided and the length of the advisory relationship with a client among other things.

The amount of compensation received by BFA, as a result of the client's participation in the BFA Program may or may not be more than what we would receive if the client paid separately for investment advice, brokerage and other services. Whereas BFA will pay the execution costs of securities transactions executed in BFA Program client accounts, it may also have a disincentive to enter trades on behalf of BFA Program participants.

Trade Aggregation and Broker Rotation: It is BFA's policy and practice to block trades where possible and when advantageous to clients. Blocking trades permits our firm to trade an aggregate block of securities composed of assets from multiple client accounts. Block trading may permit equity trades to be executed in a timelier and more equitable manner while allowing our firm to obtain an average share price for clients participating in the block.

Partial fills of blocked trades will generally be allocated on a pro rata basis. However, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account or to avoid deviations from pre-determined minimum/maximum holdings limits established for any account among other acceptable allocation considerations.

Trades placed in BFA Program accounts will typically not be aggregated with trades placed in the accounts of our other non-BFA Program investment management clients that grant brokerage discretion. As a result, we will generally seek to rotate the order of execution at various brokers, i.e., trades placed in BFA Program accounts are rotated with transactions placed in accounts of other clients directing the use of a different broker dealer as well as those granting brokerage discretion. By these means, we seek to ensure that, over time, no client is systematically disadvantaged as a result of the order in which their account is traded.

Trade Error Correction: It is BFA's practice to seek to identify and correct trade errors in client accounts without disadvantaging the client in any way. Should we discover a trade error in a client account, it is the firm's policy to correct the error (or seek to have the error corrected if attributable to the executing broker) so as to place the client in as good a position as the client would have been in had the error not occurred. If the correction of a trade error results in a gain, an amount equal to the gain shall be either: 1) given to the client if and when possible given the circumstances of the trade and the policies of the particular executing broker; or 2) retained by the broker dealer pursuant to its internal policies and practices. Clients should note that, in practice, gains resulting from trade error corrections are typically retained by the executing broker dealers pursuant to those firms' internal policies and practices.

Limited Prepayment of Fees. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

BFA Program Marketing and Compensation

BFA and its principal do not have any referral arrangements to compensate any person or entity for introducing new clients to BFA. Also, BFA does not receive any additional compensation from third parties for providing investment advice to our clients or referring persons to another advisory firm.

ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Minimum Account Requirements

As a condition for participating in the BFA Program, we generally impose a minimum account size of \$100,000. We may, in our sole discretion, waive this minimum account requirement based upon certain criteria including anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, and account retention, among other considerations. See Item 4 of this Wrap Fee Brochure for additional information.

Types of Clients

Where appropriate, we provide advisory services through the BFA Program to individuals, including high net worth individuals, corporations, or other business entities.

ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Portfolio Manager Selection

As previously disclosed, BFA is the sole investment manager to BFA Program accounts. As such, all participating clients' assets are managed directly by advisory personnel of our firm. BFA's executive management and all individuals that render investment advisory services on behalf of our firm must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals have attained all required investment-related licenses and/or designations.

Portfolio Performance Reporting

We have adopted a policy and procedures designed to ensure that account reporting of client portfolios and investments reflect current, fair and accurate market valuations. As noted above under

Services, Fees and Compensation (Item 4), BFA has partnered with Schwab to provide brokerage, custodial and other services for BFA Program accounts. In general, we rely on Schwab for timely valuation information of advisory client securities. Whenever valuation information for illiquid, foreign, private or other investments is not available through Schwab other custodians or pricing services, BFA will obtain and document price information from at least one independent source, whether a broker-dealer, bank, pricing service or other reputable source. We also do periodic internal reviews of account reports to identify any incorrect, stale or mispriced securities. Although we consistently apply our methodology, we do not engage a third party to conduct reviews of performance information nor do we seek to comply with any particular industry standard(s) when calculating portfolio performance.

Affiliated Portfolio Managers

As previously disclosed, all client assets in the BFA Program are directly managed by our investment professionals. Please refer to Item 4 for a detailed description of the BFA Program services and fees.

Performance-Based Fees

BFA does not charge performance-based fees to any client.

Methods of Analysis, Investment Strategies and Risk of Loss

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Methods of Analysis and Associated Risks

Methods of Analysis

The firm's investment research involves the formulation of an investment strategy based on our firm's Focused Investing strategy and consistent with an individual client's needs and objectives.

As part of our methods of analysis, we may also use the following

Fundamental analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors, including interest rates, the overall economy, industry conditions, and the financial condition of the issuer, and credit ratings, among other things, to determine if the yield / return is attractive, the security is fairly priced, underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market and interest rates regardless of the economic and financial factors considered in evaluating the security.

Technical analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

This style of analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Charting: In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

B.F. Anderson blends fundamental analysis, technical analysis, and charting into to a blended approach that we feel offers the highest potential for our investment strategies.

Asset Allocation: We focus primarily on security selection and also attempt to identify an appropriate ratio of securities and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Risks for All Forms of Securities Analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Strategies and Associated Risks

The following investment strategies may be used when managing BFA Program portfolios.

Investment Strategies

BFA shifted its investment strategy in 2011 from modern portfolio theory to a more concentrated and "Focused Investing" strategy. Modern portfolio theory involves an ideal portfolio of about twenty securities to be fully diversified whereas our newly adopted Focused Investing strategy typically involves a portfolio of five to ten securities.

Focused Investing: In concert with long-term and short-term purchases, this investment strategy concentrates our portfolio investments on a limited number of high quality U.S. small to large capitalization companies. We do this in an attempt to outperform the broad market indices.

A risk in Focused Investing is that, should a particular company or companies encounter a detrimental circumstance, the value of the security may decline sharply in value before we are able to make the decision to sell, potentially taking a loss. This strategy has the potential to involve more frequent trading which would result in increased brokerage and other transaction-related costs, which for our wrap fee program clients, are included as part of the wrap fee program and services.

We also use the following strategies in managing client portfolios:

Long-term purchases: We purchase securities with the idea of holding them in a client's portfolio for a year or longer. We may do this because we believe the securities offer substantial growth opportunities. We may do this because we want exposure to a particular asset class or security over time, regardless of the current projection for this asset class or security.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs. For our wrap fee program clients, these costs are included as part of the wrap fee program and services. This strategy also involves less favorable tax treatment of short-term capital gains.

Margin transactions: We will not recommend or utilize margin as part of our investment strategies. The use of margin allows for the purchase securities for one's portfolio with money borrowed from one's brokerage account. This allows one to purchase more stock than would be able to with one's available cash, and would allow Adviser to purchase stock without selling other holdings which is therefore a higher risk strategy.

Option writing: As a matter of policy and practice, we will not use options or option strategies as an investment strategy for our clients. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date.

An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

For all strategies:

Investments in securities are not guaranteed, and you may lose money on your investments. We make significant efforts and inquiries to help us understand your tolerance for risk and any changes in your investment objectives and / or financial circumstances. We also request that clients notify us of any such changes promptly.

Risks in General: Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Voting Client Securities

BFA does not vote or advise clients how to vote proxies for securities held in client portfolios. The Custodian promptly sends clients proxies and related shareholder communications for the securities held in portfolios.

Clients should also note that our firm may not advise or act on behalf of any client in legal proceedings e.g., class actions, bankruptcies or other legal proceedings involving companies whose securities are held or previously were held by a client including, but not limited to, the filing of "Proofs or Claim" in class action settlements.

ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Typically, individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the BFA Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account).

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the financial or personal information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

Our investment professionals or the client's relationship manager will seek to directly contact each wrap fee BFA Program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

Although the client's BFA investment professional is the client's primary contact and account liaison to discuss the management and performance of the client's account and changes in the client's financial situation which may have an impact on the management of the client's account, we promote open lines of communication between our investment professionals and our clients, encouraging our accessibility to our clients to discuss investment philosophy, objectives and to answer client questions.

ITEM 9 ADDITIONAL INFORMATION

Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary or regulatory events to disclose.

Other Financial Industry Activities and Affiliations

Currently, Mr. Anderson devotes all of his time to the investment activities of BFA and the firm's clients and has no outside financial industry affiliations.

Mr. Anderson does not receive any separate or additional compensation as he has no other financial industry affiliations.

Code of Ethics, Participation in Client Transactions and Personal Trading

BFA has adopted a Code of Ethics consistent with Rule 204A-1 of the Advisers Act. The firm's Code of Ethics provides for a high ethical standard of conduct for all advisory professionals and employees, compliance with federal securities laws, and policies and procedures for the reporting of certain personal security holdings by BFA's professionals and employees. Among other things, our firm's Code of Ethics also requires the prior approval of any IPO and private placement investments, supervisory reviews, enforcement and recordkeeping. Our Code of Ethics takes into account and distinguishes between Access Persons and Supervised Persons and pre-clearance procedures.

BFA's Code of Ethics also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by BFA access persons (or supervised persons). BFA's Code also includes oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

BFA and individuals associated with our firm are prohibited from engaging in principal transactions and engaging in agency cross transactions.

A copy of BFA's Code of Ethics is available to advisory clients upon written request to the Compliance Officer at the adviser's principal office address.

BFA, or individuals associated with our firm, may buy or sell securities identical to or different than those recommended to clients for their personal accounts.

BFA prohibits any allocation of trades in a manner that BFA's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

BFA's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transactions costs will be shared equally on a pro-rata basis.

BFA, or any related person(s), may have an interest or position in a certain security(ies) which may also be recommended to a client. As these situations may represent a conflict of interest, our firm has established the following additional restrictions in order to ensure fiduciary responsibilities:

- 1) A director, officer or employee of BFA shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of BFA shall prefer his or her own interest to that of the advisory client.
- 2) BFA emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- 3) BFA emphasizes the right of the client to select and choose any broker or dealer (except in situations where BFA has discretionary authority or Wrap Fee Program clients)
- 4) BFA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to discipline and/or termination.

Review of Accounts

Purchase and sale activity in an advisory account is reviewed on a daily basis and portfolio positions are monitored on an ongoing basis. A general review of all investment advisory accounts takes place quarterly with special attention paid to performance objectives. Intermittent account reviews are performed at the request of the client or as dictated by market changes and conditions.

Budd F. Anderson, President, is the primary reviewer for all advisory client accounts. BFA establishes review criteria and performs periodic account oversight reviews.

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to the monthly statements and confirmations of transactions that BFA Program clients receive from their broker dealer, BFA will provide quarterly reports summarizing account performance, balances and holdings.

Client Referrals and Other Compensation

BFA and its principal do not have any referral arrangements to compensate any person or entity for introducing new clients to BFA. Also, BFA does not receive any additional compensation from third parties for providing investment advice to our clients or referring persons to another advisory firm.

Benefits Received by B.F. Anderson & Company, Inc.

As disclosed at Item 4 of this Wrap Fee Brochure, we request that BFA Program clients direct the use of Charles Schwab & Company, Inc. (hereafter "Schwab"), an unrelated FINRA registered broker dealer, Member SIPC to provide custodial and brokerage services for the client's BFA Program account. Clients should note that BFA participates in the platform services offered to independent investment advisers by Schwab. Through these services Schwab provides us with access to its institutional trading and custody services, which are typically 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 are maintained in accounts at Schwab Institutional. These services are not contingent upon BFA committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, 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.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to BFA other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our advisory fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help BFA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to BFA. Schwab Institutional 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 our firm.

Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of BFA personnel.

In evaluating our firm's arrangement with Schwab, a client should recognize that brokerage commissions for the execution of transactions in the client's BFA Program account are not negotiated by BFA on a trade-by-trade basis, and best execution may not be achieved. In fact, transactions in the clients account are effected 'net,' i.e., without separate commission charge to the client, and a portion of the wrap fee is generally considered as being in lieu of commissions. The client should consider therefore that, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if we were to negotiate commissions and seek best price and execution of transactions for the client's account.

Not all advisers require clients to direct it use a particular broker dealer, though the sponsors of wrap fee BFA Programs often do.

Financial Information

Under no circumstances will we earn fees in excess of \$500 more than six months in advance of services rendered.

As an advisory firm that both has investment discretion and is deemed to have custody of certain client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no adverse financial circumstances to report.

BFA and its President have not been the subject of a bankruptcy petition or financial proceeding at any time during the past ten years.

ITEM 10 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Neither BFA nor our management personnel have a relationship or arrangement with any issuer of securities.