

Firm Brochure (Part 2A of Form ADV)

Item 1 – Cover Page



FERGUSON ASSET MANAGEMENT, INC.

Investment Counseling & Asset Management for Individuals & Institutions

13305 Travilah Road
Potomac, MD 20854
301-670-0994

March 31, 2012

www.mymoneymanager.com

This Brochure provides information about the qualifications and business practices of Ferguson Asset Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 301-670-0994. 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.

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

Additional information about Ferguson Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our brochure was last updated in March 2011, the following is a summary of material changes:

- *State Registration:* Ferguson Asset Management, Inc. has added a state registration for the following:
Washington D.C.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting John Ferguson, Chief Compliance Officer at 301-670-0994 or jferguson@mymoneymanager.com.

Additional information about Ferguson Asset Management, Inc. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Ferguson Asset Management who are registered, or are required to be registered, as investment adviser representatives of Ferguson Asset Management.

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Brochure Supplement Attachments:

1. Supplemental Information for John Ferguson
2. Supplemental Information for Derek Johnson
3. Supplemental Information for Dawn Doeblor

Item 4 - Advisory Business

Ferguson Asset Management is a Registered Investment Adviser located in Potomac, Maryland. The firm is registered with the states of Maryland, Virginia, New York, and Washington D.C. The firm is solely owned by John Ferguson and has been in business since 1978.

Ferguson Asset Management provides continuous investment management services for client accounts. The firm specializes in creating passive investment strategies to satisfy different risk levels. In the course of managing your account we may provide incidental financial planning services. These may include retirement planning, insurance planning and college funding. We provide these services as part of your agreement with us, and will not charge a separate fee. If an occasion arose where a separate fee would be warranted, we would receive your consent prior to any work being done or fee being charged.

The investment management of client accounts is based on development of a personalized Investment Policy Statement (IPS). The IPS is developed based on a discussion and review of each client's objectives and performance goals. The investment advisor will mutually determine with the client what the client "needs" to achieve their stated goals. Allocations for each portfolio are then based on the risk levels dictated by these goals and target allocations are detailed in the IPS.

Clients may impose restrictions on investing in certain securities types or market sectors and such restrictions are outlined in the IPS.

Ferguson Asset Management does not participate in, or manage any wrap fee programs or accounts.

All client accounts are managed on a discretionary basis, using a Trading Authorization Agreement which each client signs and approves when the account is opened.

As of December 31, 2011, Ferguson Asset Management had a total of \$106,052,022 of assets under management on a discretionary basis. Ferguson Asset Management has no non-discretionary basis accounts under management.

Item 5 - Fees and Compensation

Ferguson Asset Management is a fee only advisor. Fees are based on a percentage of the dollar value of the assets under management. Our fees for continuous and regular investment advice are billed quarterly in advance at an annual rate of 1% of assets under management. For example, an account valued at \$500,000 at the beginning of a quarter would be billed \$1,250. ($\$500,000 \times 0.01 = \$5,000 / 4 = \$1,250$) In some cases fees may be negotiable.

The above fees cover both investment management and financial planning for clients. Ferguson Asset Management performs financial planning services only for existing clients and for clients whom we anticipate entering into an investment management agreement. In those cases, financial planning fees are determined based on estimated total time to complete the plan which is unique for each client depending on the complexity of the analysis. Fees are calculated based on total estimated hours charged at a minimum of \$250.00 per hour.

The manner in which fees are charged by Ferguson Asset Management is established in the client's written Investment Management Agreement with Ferguson Asset Management. Ferguson Asset Management will bill

its fees in advance, on a quarterly basis and, generally, the fees are directly debited from the client's account(s). Clients may also elect to be billed directly for fees.

Management fees are calculated based on the valuation of each account on the last day of each quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Ferguson Asset Management's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by their custodian, Fidelity, which may include mutual fund trade fees and wire transfer fees. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Ferguson Asset Management's fee, and Ferguson Asset Management shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Ferguson Asset Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

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

Item 7 – Types of Clients

Ferguson Asset Management provides portfolio management and financial planning services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts, charitable institutions, foundations and nonprofit organizations.

The minimum account size is \$250,000.00. Under certain circumstances, this minimum requirement may be waived.

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

Ferguson Asset Management employs a disciplined, consistent and non-speculative investment process based on a research-proven passive investment approach. A passive investment philosophy is grounded in the efficiency of capital markets and, unlike active investing, captures the specific dimensions of risk identified by academic research.

After years of investing and exposure to virtually every investment style, we believe that a passive index investing approach is prudent as a core holding for most investors. We also believe investors are best served by diversifying across many asset classes, maintaining a long-term perspective, and applying discipline throughout the business cycle.

With Fidelity Investments as custodian for portfolios we manage, our clients have access to thousands of investment vehicles including stocks, mutual funds, and bonds. We perform some individual asset selection, but our focus is on Exchange Traded, no-load Index funds, and the passively managed engineered-index funds offered by Dimensional Funds (DFA).

The passive investment approach we employ is based on research proving the validity of the efficient markets hypothesis. That hypothesis states that active investors who frequently trade do not consistently beat market returns, especially when measured over long periods of time. While many advisors and mutual funds attempt to pick stocks and time markets, evidence (March 30, 2010 Standard & Poor's Indices Versus Active Funds Scorecard) shows their efforts often do not compensate for the additional costs investors pay for such active management approaches.

Research by Eugene Fama and other financial academics has also shown that bond markets are efficient and that interest rates and bond prices do not move predictably. This appears to be the case with all types of issues, from short-term government instruments to long-term corporate bonds.

Benefits of a passive investment approach include lower fund expenses, more targeted asset class allocations, broader diversification, and lower overall transaction costs.

Investments are selected for the portfolios based on on-going analyses by the firm's Investment Committee. The Committee reviews performance characteristics of each potential investment in comparison to relevant market indices and other investment choices for a specific asset class. The firm employs several analytical tools for such analyses including, but not limited to, Morningstar, Principia, Dimensional Funds data, market analysis provided by Fidelity Investments and numerous other financial publications.

Ferguson Asset Management generally does not engage in individual equity selection and we do not believe that insider trading, non-public information, or insider information present material conflicts of interest.

As always, investing in securities involves risk of loss that clients should be prepared to bear. Markets can and will go through periods, sometimes lengthy, that produce low returns, no returns or even negative returns. Investing is a risk, and it is important to understand that you can lose money. We would like to emphasize that you should not expect higher returns without higher risk or safety without lower returns.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Ferguson Asset Management. Ferguson Asset Management has no legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Ferguson Asset Management does not engage in any “Other Business Activities”. The firm does not sell products or services other than investment advice to clients. The principal business of the firm and its principal executive officers is to provide investment advice.

Ferguson Asset Management does not engage in any “Other Financial Industry Activities or Affiliations”. The firm and its management are not registered as a securities broker-dealer and do not have any applications pending to register as a broker-dealer or as a representative of a broker-dealer.

Ferguson Asset Management and its management are not registered as a futures commission merchant and do not have any applications pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

The firm does not have any arrangements that are material to its advisor business. Neither the firm nor any of its related persons are a general partner in any partnership in which clients are solicited to invest.

Ferguson Asset Management has engaged Dawn Doeblner with DACQ Management, LLC. Ms. Doeblner provides financial planning services, tax research, and operations support for clients of Ferguson Asset Management. She charges Ferguson Asset Management a monthly retainer fee for services provided and fees are paid directly by Ferguson Asset Management from their operating income.

Item 11 – Code of Ethics

At Ferguson Asset Management, we have a fiduciary obligation to clients that we believe does not allow any leeway or hazy area of interpretation. As financial professionals, we believe that ethical conduct does not allow the slightest leeway in interpretation. It is ethical or it isn't. We expect and challenge each of our staff to not only meet the minimum requirements but to exceed them.

Ferguson Asset Management has adopted a Code of Ethics and all supervised persons receive a copy and acknowledge, in writing, the receipt and review of the Code annually, or as amended. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among other things.

Our Code of Ethics also specifies that each employee of Ferguson Asset Management always:

1. Serves in the best interest of our clients. All recommendations and decisions on behalf of our clients shall be solely in the best interests of our clients.
2. Disclose fully to our clients all services provided and compensation alternatives and sources.
3. Provide our clients all requested information as well as other information needed to make informed investment decisions. Our clients inquiries shall be answered to the best of our abilities in a prompt and accurate manner.
4. Maintain the confidentiality of all information entrusted by our clients to the fullest extent of the law.
5. Comply fully with all statutory and regulatory requirements issued by federal and state regulatory authorities and compliance requirements of our exclusive affiliated broker/dealer, Fidelity Brokerage Services, Member NYSE, SIPC.
6. Act with integrity, dignity, and honesty, in a fiduciary capacity, and maintain the highest standards of ethics in all aspects of professional conduct.

7. Perform professional services in a manner that is fair and reasonable to clients and disclose conflicts of interest providing such service.
8. Maintain professional knowledge base through continuing education.
9. Regularly monitor all personal securities holdings and transactions of Ferguson Asset Management, Inc. employees to verify that employees' trading activity is not contrary to clients' best interests.

Ferguson Asset Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Ferguson Asset Management has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Ferguson Asset Management, its affiliates and/or clients, directly or indirectly, have a position of interest. Ferguson Asset Management's employees and persons associated with Ferguson Asset Management are required to follow Ferguson Asset Management's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Ferguson Asset Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Ferguson Asset Management's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Ferguson Asset Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Ferguson Asset Management and its clients.

Ferguson Asset Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting John Ferguson, Chief Compliance Officer.

Item 12 – Brokerage Practices

We do not maintain custody of your assets that we manage and/or advise. Ferguson Asset Management recommends using National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides Ferguson Asset Management with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist Ferguson Asset Management 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 fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Ferguson Asset Management's passive investment strategy significantly reduces trading expenses, as well as best execution and front running risks for our clients.

Fidelity also offers other services intended to help Ferguson Asset Management manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party

service providers who provide a wide array of business related services and technology with whom Ferguson Asset Management may contract directly.

Ferguson Asset Management is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients 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 Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing Ferguson Asset Management with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Client Referrals: Fidelity does not provide client referrals to Ferguson Asset Management and the firm does not consider obtaining referrals as a criterion in its selection of a broker-dealer.

B. Directed Brokerage: All existing or newly opened accounts managed by Ferguson Asset Management are registered only in the name of the client. Ferguson Asset Management recommends clients establish brokerage accounts through a specific broker-dealer. Fidelity serves as the broker-dealer for all transactions and as custodian for all securities and cash held in client accounts.

Aggregation of Trades: Ferguson Asset Management does not have the need to aggregate trades for open-end mutual funds. The firm does aggregate trades for corporate bonds and, on rare occasions, clients may have equity positions that would benefit from trade aggregation.

Item 13 – Review of Accounts

Each account is updated daily and formal reviews are conducted monthly. Significant market changes trigger more frequent reviews. Reviews are also triggered due to changes in clients' financial goals or picture. The purpose of reviews is to evaluate policy, risk, performance and changing investment characteristics of the portfolio relative to the market and clients' goals. The reviews identify deviations from the objective, and modifications are made accordingly. John Ferguson and Derek Johnson perform the reviews.

Clients receive a quarterly report from Ferguson Asset Management. This report is prepared using Advent Portfolio Exchange and includes each individual holding, cost basis, current value, gain and loss, estimated income, portfolio yield, and gain or loss for the reporting period. Clients also receive independent monthly statements (unless there is no activity, then quarterly statements will be sent) from our custodian Fidelity Investments, as well as year-end statement and tax documents.

Item 14 – Client Referrals and Other Compensation

Ferguson Asset Management may pay compensation for client referrals. The compensation arrangement may be in the form of a flat fee per referral or a percentage of revenue.

Item 15 – Custody

Clients receive monthly statements (unless there is no activity, then quarterly statements will be sent) from Fidelity Investments, the qualified custodian that holds and maintains clients' investment assets. **Ferguson Asset Management urges you to carefully review such statements and compare them to the account statements and/or reports that we provide to you.** Our statements/reports may vary from custodial statements based on accounting procedures, reporting dates, valuation methodologies of certain securities, or based on assets that are held outside of the custodial account.

Item 16 – Investment Discretion

Ferguson Asset Management receives discretionary authority from the client at the beginning of the advisory relationship. Discretionary authority to select, identify, and determine the amount of securities to be bought or sold is granted by the client signing the Investment Management Agreement and the Trading Authorization documents. In all cases such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Ferguson Asset Management does not have the authority to and does not vote proxies on behalf of advisory clients. Clients must be aware of their responsibility to receive and vote proxies for any and all securities maintained in client portfolios. Since Ferguson Asset Management utilizes open-end funds as our primary investment vehicle, individual equities held in clients' accounts are almost always purchased at the clients' specific request. We may, on occasion, provide informal advice regarding proxy voting if asked to do so by the client.

Item 18 – Financial Information

Registered Investment Advisers are required to provide you with certain financial information or disclosures about Ferguson Asset Management's financial condition. Ferguson Asset Management has no financial commitment that would impair its ability to meet its fiduciary commitments to clients. Ferguson Asset Management has never been subject of a bankruptcy proceeding.