

Part 2A of Form ADV: *Firm Brochure*

Twele Capital Management, Inc.

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This brochure provides information about the qualifications and business practices of Twele Capital Management, Inc.. If you have any questions about the contents of this brochure, please contact us at 952-887-9253 or john@twelecapital.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.

Additional information about Twele Capital Management, 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 130239.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 3/1/2012, is our disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content from past disclosures (prior to our 12.31.2010 form), and includes some new information that we were not required to disclose in the past.

Material Changes since our last document dated 3/8/2011:

We are very pleased to announce the addition of two new members to our firm:

Joseph E. Stratmann

On October 1, 2011, Joe Stratmann joined our company as our Chief Operating Officer (COO). For the past 6 years, Joe has worked with us as a consultant and helped to design and maintain our computer systems and related policies. As our COO, Joe will help us manage the non-investment side of our company, including a wide range of activities from managing our technology software and systems to helping clients resolve custodial issues. Over the coming year, Joe will obtain an important industry certification - **Investment Adviser Certified Compliance Professional (IACCPSM)** – and will assume additional responsibilities involving regulatory compliance.

For the past decade, Joe has worked as a Senior Technology Consultant. He is a Gulf War I veteran and USAF, retired.

Joseph M. Barsky, III, CFA

Also on October 1, 2011, Joe Barsky joined our company as an Executive Vice President. Joe will work with Jim Walline and John Twele on investment matters affecting client portfolios. Joe recently retired as the Program Director for the Carlson Funds Enterprises, which is one of the largest student-run investment fund programs in the country. Before joining the University of Minnesota, Joe was a Vice President and Senior Portfolio Manager for American Express Financial Advisors, where he held numerous Senior positions involving the management of mutual fund and institutional portfolios.

There are no other material changes to report.

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Item 4 Advisory Business

Twele Capital Management, Inc. is an SEC-registered investment adviser with its principal place of business located in Minnesota. Twele Capital Management, Inc. began conducting business in 2004.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- John A. Twele, President & Chief Executive Officer
- Maressia A. Twele, Chief Financial Officer

Twele Capital Management, Inc. offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy, and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., Aggressive Growth, Moderate Growth, Moderate Income and Conservative), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Mutual fund shares
- Over-the-Counter Securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

AMOUNT OF MANAGED ASSETS

As of 12/31/2011, we were actively managing \$249,990,121.15 of clients' assets on a discretionary basis plus \$1,672,445.48 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Below \$5.0 Million	0.80%
\$5.0 Million to \$10 Million	0.60%
Above \$10.0 Million	0.50%

Fees are calculated in arrears at the end of each quarter based upon the amount of assets under management. Fee amounts are adjusted for cash flows (contributions and withdrawals) during the period.

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Twele Capital Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although Twele Capital Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, no fees are paid in advance of services provided. Upon termination of any account, any owed fees will be calculated and due as of the date of termination. In calculating a client's earned, but unpaid fees, we will pro rate the fees according to the number of days

since the last billing period.

ETF Fees: All fees paid to Twele Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by Exchange Traded Funds ETFs to their shareholders, also known as "expense ratios". These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. A client could invest in an ETF directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the ETFs and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which Twele Capital Management, Inc. effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Twele Capital Management, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Twele Capital Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Twele Capital Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. As a fee-only ETF investment manager, Twele Capital Management, Inc. does not receive 12b-1 fees or commissions of any kind.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar, higher or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Twele Capital Management, Inc. does not charge performance-based fees.

Item 7 Types of Clients

Twele Capital Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

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

Fundamental Analysis. We attempt to understand the composition, structure and risk characteristics of various index ETFs. We review economic and financial factors (including the overall economy, industry conditions, and the valuation and financial condition of broad economic sectors) to determine if a particular ETF fairly represents a given asset class.

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

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equity ETFs, fixed income ETFs, and cash suitable to the client's investment goals and risk level.

A risk of asset allocation is that the client may not participate in a sharp increase in a particular security if that security is not included in an index. Another risk is that the ratio of securities, fixed income, and cash will change over time due to accumulated income and market movements; if the portfolio is not rebalanced periodically, it may no longer represent a client's targeted risk level or expected return.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities are included in the index ETFs 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

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk level, and time horizons, among other considerations:

Long-term purchases. We purchase Index ETF securities with the idea of holding them in the client's account for 5 years or longer. Typically we employ this strategy when:

- we believe the ETF securities offer attractive return potential, and/or
- we believe the ETF securities offer attractive risk characteristics if combined with existing ETFs, and/or
- we want exposure to a particular asset class over time, regardless of the near-term projections for this class.

A risk in a long-term purchase strategy is that by holding ETF securities for this length of time, we may not attempt to take advantage of short-term gains that could be profitable to a client. Moreover, an ETF security may decline sharply in value before we make the decision to purchase additional shares or sell a portion of the investment as part of periodic portfolio rebalancing.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments.

ETF Overlay & Rebalancing Strategies. We may purchase ETF securities, as necessary, to adjust overall client portfolios to meet targeted asset allocations. As such, we do not know, and cannot know with any certainty, an intended holding period. Typically we employ this strategy:

- when the client has specifically engaged our firm to conduct ETF Overlay transactions, and/or
- as part of a normal rebalancing process needed to reinvest cash flows, or income, and/or
- in response to rapidly rising or declining asset values that cause allocations to deviate from established targeted allocations and minimum/maximum ranges.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. Rebalancing may require the sale of ETFs representing rising, or "favored" asset classes and/or the purchase of ETFs representing asset classes considered to be "out of favor", or otherwise disliked. Rebalancing is a critical element of portfolio management and has a well-established record of controlling risk and improving long-term returns.

Item 9 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.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal and state securities laws.

Twele Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics 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 the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Twele Capital Management, Inc.'s 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.

Twele Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Twele Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any individual security immediately prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients and employees will receive an average share price calculated across all accounts. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any individual security (excluding index ETFs and open/closed-end mutual funds) immediately prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and

State regulations governing registered investment advisory practices.

8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to john@twelecapital.com, or by calling us at 952-887-9253.

Item 12 Brokerage Practices

Twele Capital Management, Inc. requires that it be provided with written discretionary authority to affect client transactions and to deduct fees from client accounts. Commissions charged to client accounts for transactions are determined by the client's relationship with the broker/dealer and may vary based upon the size of the client's assets held at the broker/dealer.

Clients must include any limitations on this discretionary authority in this written authority statement associated with their brokerage account. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Twele Capital Management, Inc. will block (combine accounts) trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts; transaction costs for block trades are client-specific based upon the broker/dealer's fee schedule and may differ from that of other clients included in any such block trade.

Block trading may allow us to execute ETF trades in a timelier, more equitable manner, at an average share price. Twele Capital Management, Inc. will typically aggregate trades among clients whose accounts have an indicated need for the same ETF security transaction. Twele Capital Management, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Twele Capital Management, Inc., or our firm's order allocation policy.
- 2) The portfolio manager determines that the purchase or sale of the particular security

involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Twele Capital Management, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. Commissions for aggregated orders are based upon the fee schedule applicable to each client. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Twele Capital Management, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Twele Capital Management, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Twele Capital Management, Inc. may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Twele Capital Management,

Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Twele Capital Management, Inc. 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 advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's client assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm 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 our firm other products and services that benefit Twele Capital Management, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our 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; provide research, pricing and other market data;
- iii. facilitate payment of our fees from clients' accounts; and
- iv. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our 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 Twele Capital Management, Inc.. 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 our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are formally reviewed at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market and/or economic environment for various asset classes.

These accounts are reviewed by: John A. Twele, CFA, President & CEO; Jim Walline, CFA, Executive Vice President, or Joseph Barsky, III, CFA, Executive Vice President.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are

consistent with our published fee schedule and not increased as a result of any referral.

It is Twele Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits (deducts) advisory fees from client accounts.

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.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

As previously disclosed in Item 4 of this brochure, our firm does not typically provide non-discretionary asset management services. Non-discretionary asset amounts may include employee or related party assets and/or special situations wherein a client may need certain non-managed accounts associated with discretionary accounts to facilitate fee payment or hold legacy assets.

Item 17 Voting Client Securities

We vote proxies for the following types of accounts:

Institutional and ERISA-governed accounts only.

We vote proxies only for specific institutional and ERISA client accounts; however, even when such voting arrangements exist, these clients always have the right to vote their own proxies. This right can be exercised by instructing us in writing not to vote proxies in the client account.

ETF proxy voting differs meaningfully from what most investors experience when holding individual stocks, or securities. Specifically, ETFs are mutual funds (registered investment companies) that trade on exchanges, thus ETF proxies are "fund" proxies that involve issues associated with management of funds, not company-specific issues, such as takeovers or company shareholder proposals. The ETF manager, for example iShares, votes the proxies for all securities held in the fund. The ETF investor only votes proxies for the fund itself.

Please consider the following example:

A client who owns the iShares S&P 500 ETF, ticker IVV, would receive and vote one proxy statement for the fund. The ETF manager, on the other hand, in this case iShares, is responsible for voting the proxies for the 500 stocks held in the ETF.

When authorized by an institutional or ERISA client, we vote proxies in the best interests of clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records (or electronic access to such records) for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting John A. Twele, CFA, by telephone, email, or in writing. Institutional clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact John A. Twele by telephone, email, or in writing.

We vote proxies for some, but not all of our clients. Clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested.

We do not vote proxies for the following types of accounts:

Individuals

For accounts where we do not vote proxies, our firm may provide investment advisory services relative to client investment assets; however, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

Twele Capital Management, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in advance of services rendered. Therefore, we are not required to include a financial statement.

Twele Capital Management, Inc. has not been the subject of a bankruptcy petition at any time.