



**NLJ ADVISORS, INC.**  
**SEC FORM ADV PART 2A**  
**MARCH 31, 2012**

201 NE Park Plaza Drive, Suite 120  
Vancouver, WA 98684  
Phone: (360) 314-6545  
Fax: (360) 314-6233

This brochure provides information about the qualifications and business practices of NLJ Advisors, Inc. If you have any questions about the contents of this brochure, please contact us. 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. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about NLJ Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

The only material changes to NLJ Advisor's Form ADV, Part 2 since our last annual filing on March 31, 2011 are to:

- ▣ Item 4 (Assets Under Advisement)
- ▣ Item 5 (Fees & Compensation)

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### SEC Form ADV Part 2

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## Advisory Business – Item #4

NLJ Advisors, Inc. (“NLJ Advisors”) or (“the Firm”) is a Registered Investment Adviser with the Securities and Exchange Commission (“SEC”). The Firm was founded in 2006, and is wholly owned by Nancy L. Jacob and her immediate family. The Firm is not affiliated through ownership or management with any other company or organization. As of December 31, 2011, NLJ Advisors advised client assets on a non-discretionary basis totaling over \$300 million in market value.

### The Firm:

- ❖ Specializes in designing investment strategies which are customized and integrated with the client’s estate-planning, charitable, personal and/or institutional goals.
- ❖ Assists its clients in defining investment objectives, in setting an appropriate asset mix designed to achieve these objectives, and in implementing those objectives with the selection and retention of third-party investment managers.
- ❖ Is proficient and experienced with the selection of investment managers in all major asset classes, both traditional and non-traditional, including domestic and international equities, fixed income, hedge funds, private equity, venture capital and real estate. The Firm does not participate in wrap fee programs.
- ❖ Works with clients to recommend and establish an appropriate investment policy (including a target asset allocation) and to recommend third-party investment managers to implement the established policy. The client, however, makes the final decision and is solely accountable for implementing these decisions.

## Fees and Compensation – Item #5

Though NLJ Advisors reserves the right in specific instances to negotiate client fees based on unique service requirements that depart from the standard service package, the following fee schedule generally applies. These presume full-service relationships that include:

- ❖ Asset Allocation
- ❖ Third party Investment Manager Recommendations and Monitoring
- ❖ Monthly or Quarterly Performance Reporting

## Fees and Compensation Continued – Item #5

Client fees are subject to a \$100,000 fixed annual minimum fee (negotiable at the discretion of the Firm).

Fees are generally paid quarterly or monthly (in arrears or in advance) depending on the terms of the investment advisory agreement. The Firm invoices clients for fees rather than deducting its fees from client assets held by the custodian. NLJ Advisors strictly relies on the client, the client's third party managers, fund managers and/or custodians to supply the asset values on the "as-of" date that fees are assessed. These asset values normally include all advised account balances, including cash.

In certain cases, the total advisory fees paid by the client, which include the Firm's fee plus the independent investment manager's fee and/or the fee charged by fund managers, may exceed 3%. As required by federal law and in compliance with its fiduciary duties, the Firm discloses to the client that similar services may be available elsewhere at a lower fee. The Firm does not accept compensation for the sale of securities or other investment products.

The Client has the right to terminate the investment management agreement without penalty within five (5) business days after entering into the agreement. In addition, either party may terminate the agreement at any time upon thirty (30) days' notice in writing by either party to the other party. Upon termination of the agreement, fees will be prorated to the date of termination, and any unearned portion of prepaid fees will be refunded to the client.

(See Performance-Based Fees and Side-By-Side Management (Pages 5 and 6) for additional fees that clients may incur.)

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

NLJ Advisors does not accept performance-based fees and is not conflicted by simultaneously managing accounts that are charged both a performance-based fee, and another type of fee.



## Performance-Based Fees and Side-By-Side Management Continued – Item #6

The fees charged by NLJ Advisors for advisory services are applied on top of any management and performance fees charged by a client's third party managers. In addition to these fees, all brokerage commissions, custodial fees and service charges, stock transfer fees and other similar charges incurred in connection with transactions for the client's account, will generally be paid to third parties out of the client's assets held with the client's custodian.

Clients may also incur additional third-party charges which may include, but are not limited to, the following: mutual fund or money market 12b-1 and sub transfer fees, fund or money market management fees and administrative expenses, mutual fund transaction and redemption fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, IRA and qualified retirement plan fees, and other charges required by law. Furthermore, for investments in private investment funds and other private placements, management and administrative fees are paid by the fund to the investment manager or general partner of the fund. In some cases performance fees may be charged on net profits subject to certain provisions as described in fund offering documents. Such fees are disclosed to clients in the offering documents prior to making such investments. Clients must meet the qualification standards required by each investment program.

## Types of Clients – Item #7

NLJ Advisors provides investment management services to the following types of clients:

- ❖ Family Offices
- ❖ Wealthy Individuals and Families
- ❖ Charitable Endowments and Foundations

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

NLJ Advisors uses fundamental security analysis methods in reviewing investment strategies that include the use of financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the SEC, as well as information sources such as commercial proprietary databases containing information on managed accounts, mutual funds, exchange-traded funds, hedge funds, and private investment partnerships.

The Firm specializes in designing investment strategies which are customized and integrated with the client's estate-planning, charitable, personal and/or institutional goals. NLJ Advisors assists clients in defining investment objectives, in setting an appropriate asset mix designed to achieve their objectives, and in implementing those objectives with the selection and retention of third-party investment managers.

NLJ Advisors is proficient and experienced in the selection of investment managers in all major asset classes, both traditional and non-traditional, including domestic and international equities, fixed income, hedge funds, private equity, venture capital and real estate.

Investing in securities involves a certain risk of loss. Past performance is not a guide to future performance.

## Disciplinary Information – Item #9

NLJ Advisors has no disciplinary events to disclose.

## Other Financial Industry Activities and Affiliations – Item #10

NLJ Advisors has no other financial industry activities or affiliations.

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

NLJ Advisors or a related person(s) may have an interest or a position in a certain security(ies) which may also be recommended to clients. To address potential conflicts, the Firm has implemented a Code of Ethics which is summarized below. You may contact the Firm's CCO to request a copy of the full text of the Firm's Code of Ethics.

### Code of Ethics Summary

The Firm's Code of Ethics ("the Code") sets forth standards of business conduct and requires compliance with federal securities laws. The Firm's Code acts as a reminder to employees that the Firm's responsibility to its clients is to provide effective and proper professional investment management advice based upon unbiased independent judgment and to set standards for employee conduct in those situations where conflicts of interest are most likely to arise. The Code also incorporates procedures that allow the Firm to monitor employee activity for compliance with the Code. The following is a summary of the key provisions of the Code:

- ❖ **Scope** – The Code covers employees who are under the Firm's supervision and control. No one is exempt from the provisions of the Policy.
- ❖ **Personal Securities Trading** - All employees are subject to certain trading restrictions, must obtain pre-clearance on and report certain transactions, and obtain pre-clearance prior to opening new covered accounts. On a quarterly basis, all employees are required to report their covered personal securities transactions, which occurred in the prior calendar quarter.
- ❖ **Code of Conduct** - The Code contains a Code of Conduct designed to reflect the Firm's commitment to ethical conduct. It covers conflicts of interest, compliance with legal and regulatory requirements, confidentiality of client information, gifts and entertainment, board directorships and outside business activities. The Firm also maintains separate Insider Trading Policies and Procedures.
- ❖ **Code Violations** - The Code requires that all employees report any actual or apparent violation of the Code. Appropriate sanctions are included for Code violations.
- ❖ **Compliance Oversight** - The Firm's Chief Compliance Officer is responsible for compliance oversight of the Firm's Code of Ethics.



## Brokerage Practices – Item #12

NLJ Advisors does not select brokers and/or custodians, execute any trades on behalf of the client, or vote proxies on securities held in the client's account. The Firm does not maintain any soft dollar arrangements, receive performance-based fees, manage a proprietary investment account, or participate in a referral-fee arrangement with any other organization.

## Review of Accounts – Item #13

NLJ Advisor's Chief Investment Officer reviews the Firm's supervisory accounts on a quarterly basis and more frequently if market conditions warrant. Quarterly reviews consist of an evaluation of Client's overall trailing-period investment performance, portfolio diversification, compliance with Client's investment policy, and the performance of individual managers and funds within the portfolio. These reviews are typically delivered orally to each Client, either in a conference call format or at in-person meetings.

All clients receive non-client specific monthly market reports which contain trailing-period performance measures for a wide variety of asset class benchmarks within fixed income, equities and alternative investments across global financial markets. Supervisory clients additionally receive monthly and quarterly client-specific performance reports. Each report describes the performance of individual managers and funds within the clients' portfolio over various trailing time periods. Quarterly performance reports provide such trailing-period performance measures both in absolute terms and relative to appropriate benchmarks, as well as peer comparisons for selected managers within the portfolio.

The Firm may also provide client-specific customized asset allocation reports and customized special research reports prepared as may be requested by the client to address the unique requirements of individual clients.

## **Client Referrals and Other Compensation – Item #14**

NLJ Advisors does not participate in a referral-fee arrangement with any other organization. The Firm is paid directly and solely by its clients and, for its services typically receives a fixed dollar retainer fee per unit of time plus an assessed basis-point charge on client assets (“Advisor’s Fee”) under the terms specified in each client’s investment advisory agreement. See Fees and Compensation (Pages 4 and 5) for more information.

## **Custody – Item #15**

NLJ Advisors is deemed not to have custody due to the fact that the Firm does not debit client accounts directly for payment of fees nor does it accept possession of client funds or securities. Nonetheless, the Firm’s policy is to encourage its clients to maintain their funds and securities with a Qualified Custodian. The Qualified Custodian will, in such cases, provide quarterly custody account statements directly to the client and to NLJ Advisors as an independent representative appointed by the client.

## **Investment Discretion – Item #16**

NLJ Advisors currently provides non-discretionary investment advice to clients. It works with the client to recommend an appropriate investment policy, to recommend third-party investment managers, and to assist the client in implementation of the client’s established policy. The client makes all decisions and is solely accountable for implementing these decisions. The Firm does not have discretion to select broker-dealers. The Firm is not responsible for voting proxies on securities held in the client’s account.

## **Voting Client Securities – Item #17**

NLJ Advisors general policy is not to vote proxies.

## Financial Information – Item #18

NLJ Advisors is not required to provide financial information due to the fact that the Firm:

- ❖ Does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.
- ❖ Does not have discretionary authority or custody of client funds or securities.
- ❖ Has not been the subject of a bankruptcy petition at any time during the past 10 years.

## Requirements for State –Registered Advisers – Item #19

Nancy L. Jacob is the President, Chief Executive Officer, Chief Investment Officer and Compliance Officer and the only investment adviser for the Firm. There are no management persons or supervised persons within the Firm. (See SEC Form ADV Part 2B for further information regarding Nancy Jacob's formal education and business background.)

Neither NLJ Advisors nor Nancy Jacob are actively engaged in any other business other than giving investment advice.

Neither NLJ Advisors nor Nancy Jacob accepts performance-based fees. (See Performance-Based Fees and Side-By-Side Management (Pages 5 and 6) for fees that clients may incur.)

Neither NLJ Advisors nor Nancy Jacob have received an award or otherwise been found liable in any arbitration claim, nor have they received an award or otherwise been found liable in any civil, self-regulatory organization, or administrative proceeding involving any of the following:

- ❖ An investment or an investment-related business or activity.
- ❖ Fraud, false statement(s), or omissions.
- ❖ Theft, embezzlement, or other wrongful taking of property.
- ❖ Bribery, forgery, counterfeiting, or extortion.
- ❖ Dishonest, unfair, or unethical practices.

NLJ Advisors has no relationship or arrangement with any issuer of securities, nor has it any financial industry affiliations. (See Other Financial Industry Activities and Affiliations on Page 7).