

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Name of Investment Adviser: Tollefson & Company Investment Management LLC (T&C)

Address: 5335 Wisconsin Avenue, NW, #440, Washington, DC 20015

Telephone: 202-363-6128

Fax: 202-315-3253

Website: www.tollefsonco.org

IRS EIN: 27-18004489

Item 2 Material Changes

Tollefson & Company Personnel Additions:

John Sullivan, Sr. Vice President, Marketing	September 2011
--	----------------

Gina Purdy, Marketing and Development	April 2012
---------------------------------------	------------

Item 3 Table of Contents

Item Number/Item Description ADV Part IIA

- 1 Cover Page
- 2 Material Changes
- 3 Table of Contents
- 4 Advisory Business
- 5 Fees and Compensation
- 6 Performance Based Fees and Side-By-Side Management
- 7 Types of Clients
- 8 Methods of Analysis, Investment Strategies and Risk of Loss
- 9 Disciplinary Information
- 10 Other Financial Industry Activities and Affiliations
- 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
- 12 Brokerage Practices
- 13 Review of Accounts
- 14 Client Referrals and Other Compensation
- 15 Custody
- 16 Investment Discretion
- 17 Voting Client Securities
- 18 Financial Information
- 19 Requirements for State Registered Advisers

Item Number/Item Description ADV Part IIB : Brochure Supplement

- 1 Cover Page
- 2 Educational Background and Business Expertise
- 3 Disciplinary Information
- 4 Other Business Activities
- 5 Additional Compensation
- 6 Supervision
- 7 Requirements for State Registered Advisers

Item 4 Advisory Business

Advisory Services and Fees

Tollefson & Company provides investment supervisory services and 100% of advisory billings from investment supervisory services. (based on last fiscal year)

T&C does not:

- Manage investment advisory accounts not involving investment supervisory services
- Furnish investment advice through consultations not included in either service described above
- Issue periodicals about securities by subscription
- Issue special reports about securities not included in any service described above
- Issue, not as any part of any service described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities
- On a more than occasional basis, furnish advice to clients on matters not involving securities
- Provide a timing service
- Furnish advice about securities in any manner not described above

T&C does not call any of its supervisory services as financial planning or similar term.

T&C offers investment advisory services for a percentage of assets under management. T&C does not receive compensation for hourly charges, fixed fees (not including subscription fees), subscription fees, commission or other.

Investment Advisory Services

T&C provides Investment Advisory Services, defined as making investments on behalf of the Client or giving advice to the Client based on the individual Client investment goals, objectives and risk tolerances. The Client's investment objectives, goals and risk tolerances are determined through in depth communication with the Client resulting in a client investment policy and program. The Account is managed and supervised to the Client investment policy and is altered as the Client objectives change.

Clients may include individuals, trusts, estates, corporations, charitable organizations and pension and profit sharing plans. Client portfolios may be managed on a discretionary or non-discretionary basis.

T&C is required by DC Rules, Section 1811.1(j) to disclose that comparable services may be available for lower fees, and (k) requires that all material conflicts of interest be disclosed to the Client in writing that may cause T&C and its employees to not render objective and unbiased advice.

Item 5 Fees and Compensation

Fee Schedule for Investment Advisory Services

The annual fee for investment advisory services will be charged solely as a percentage of assets under management. The total account market value used for the calculation will be taken directly from T&C's recorded market value and will not necessarily be the same market value as the custodian's. Market values may differ due to bond pricing or assets excluded from investment advisory fees. This fee shall be charged quarterly, in advance and is based upon the calendar quarter end market value of the Client's account. All calculations are provided in the Client invoice as well as the stated market value from which the quarterly fee is derived.

Account minimum: \$500,000

For all assets under management the annual fee is 1.00%.

Fees may be negotiable under specific circumstances and will be clearly documented.

Fees paid to T&C are separate from fees and expenses charged by mutual funds or exchange traded funds to their shareholders as described in the mutual fund or exchange traded fund prospectus. Client should review the fees charged by the mutual fund or exchange traded fund as well as T&C's investment advisory fee to determine the total fees to be paid by the Client.

The Investment Advisory Agreement may be cancelled by either party, at any time and for any reason upon 30 days written notice. As of the date of termination, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

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

Not Applicable

Item 7 Types of *Clients*

Tollefson & Company provides investment advice to individuals, pension and profit sharing plans, trusts, estates or charitable organizations and corporations. T&C does not provide investment advice to banks or thrift institutions or investment companies.

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

Tollefson & Company offers advice on the following: Equity securities (exchange listed securities, securities traded over the counter and foreign issuers/ADR); Municipal securities, Mutual fund shares, Exchange traded funds, United States government securities, Corporate bonds and Preferred shares.

T&C's security analysis methods include charting, fundamental, technical and cyclical. The main sources of information utilized are: financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, Securities and Exchange filings and Company press releases.

The investment strategies used to implement any investment advice given to client include: long term purchases (greater than a year), short term purchases (less than a year) and trading for tax purposes (wash sale rule – 31 day trades). Risk of loss is utilized as appropriate with limit and stop limit orders implemented.

Item 9 Disciplinary Information

None

Item 10 Other Financial Industry Activities and Affiliations

Tollefson & Company is *not* affiliated *nor* is it involved in the following Financial Industry Activities:

- Registered or pending registration as a securities broker-dealer
- Registered or pending registration as a futures commission merchant, commodity pool operator or commodity trading adviser
- T&C does not have any arrangement that are material to its advisory business or its clients with a related person who is a:

- broker dealer
- investment company
- other investment adviser
- financial planning firm
- commodity pool operator, commodity trading adviser or futures commission merchant
- banking or thrift institution
- accounting firm
- law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- entity that creates or packages limited partnerships

Tollefson & Company and its related persons is *not* a general partner in any partnership in which clients are solicited to invest.

Tollefson & Company and its related persons *do not*

- As principal, buy securities for itself from or sell securities it owns to any client
- As broker or agent effect securities transactions for compensation for any client
- As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer
- Recommend to clients that they buy or sell securities or investment products in which the applicant or related person has some financial interest

Tollefson & Company *may* buy or sell for itself securities it also recommends to clients

Personal Securities Trading

- “Access persons” (T&C employees and related persons) shall report personal securities transactions and holding on a quarterly basis (no later than 30 days after the close of the calendar quarter). Access personnel must submit transaction reports and holdings for “reportable securities” (defined as all securities with the exceptions designated under Rule 204A-1) in which the access person (or his or her immediate family sharing the same household) has or acquires a direct or indirect beneficial ownership.
- Exceptions from reporting requirements include: transactions effected by an automatic investment plan and/or; securities that are held in accounts wherein the access person has no direct or indirect control or influence.
- Initial holdings reports are required at the time the employee becomes an access person (within 45 days)
- All reports shall be submitted to the Chief Executive Officer and shall be reviewed, noted by signature and maintained in the appropriate segregated file.
- Personal Trading Procedures/Requirement for employees in their personal securities trading:
 - Investment opportunities are to be offered to T&C clients before T&C or its employees or access persons
 - If “restricted” lists are provided to employees or access persons wherein securities are prohibited for investment or trading (for employees or Clients), strict compliance is expected.
- Initial Public Offerings and Private Placements: The Code of Ethics may require that access persons obtain approval from T&C (CEO or Compliance Officer) before investing in a particular IPO or private placement.

All T&C employees and access persons must read and sign the T&C Compliance Manual which addresses Personal Securities Trading, Code of Ethics as part of its entirety. The Code of Ethics will be provided to any Client or prospective client upon request.

Best Execution

Tollefson & Company will achieve best execution for a given Client trade when the trade is executed so that the Client's total costs or proceeds in the transaction are the most favorable under the circumstances. In selecting a broker-dealer for a particular transaction, the adviser considers the commission rate to be charged by the broker-dealer. Where multiple competing markets exist for listed stocks, T&C should make sure that the security is executed on the best market (or best market maker). However, if a Client has signed a Directed Brokerage Agreement, T&C will direct trades through the broker designated by the Client.

T&C will consider the following factors when placing a trade for a Client with a particular broker-dealer:

- Quality of overall execution services provided by the broker-dealer
- Promptness of execution
- Creditworthiness and business reputation of the broker-dealer
- Research (if any) provided by the broker-dealer
- Promptness and accuracy of oral, hard copy or electronic reports of execution
- Ability and willingness to correct errors
- Promptness and accuracy of confirmation statements
- Ability to access various market centers
- The broker-dealer's facilities, including any software or hardware provided to the adviser
- Any expertise the broker-dealer may have in executing trades for the particular type of security
- Commission charged by the broker-dealer
- Historical commission rates of the broker-dealer
- Whether the broker-dealer gives T&C Clients access to Initial Public Offerings
- Client referrals made by the broker-dealer to the Firm
- Ability of the broker-dealer to use ECN's to gain liquidity, price improvement, lower commission rates and anonymity
- Reputation of the broker-dealer
- Execution and operational capabilities of the broker-dealer
- Financial condition of the broker-dealer

Trade Aggregation

A Client trade will be aggregated with an employee trade under the following conditions:

- Each affiliated and non-affiliated participant in the trade will receive average execution and average commissions
- Securities purchased or sold will be allocated pro rata
- The practice of aggregating client trades with those of T&C employees and affiliated accounts will be fully disclosed in the T&C form ADV and T&C Client Advisory Agreement

Trade Allocation

Tollefson & Company's trade allocation procedures govern the allocation of securities that are purchased or sold for more than one Client. The allocation procedures are designed to promote fairness among the Client accounts managed by Tollefson & Company and to conform to applicable regulatory principles. The procedures set forth herein do not require allocation to be based on strict, mathematical formulas.

Trade Allocation (continued)

While generally based on objective criteria, they permit judgment to be exercised to recognized appropriate, special circumstances.

1. *Order Size* Securities purchased should generally be allocated by order size on pro rata basis. For example, Client X is a buyer of 200 shares and Client Y is a buyer of 100 shares and the investment adviser is only able to acquire 150 shares. Client X received 100 shares and Client Y receives 50 shares.
2. *Unlimited Orders*
 - a. *Buy Orders.* If several Clients are seeking to buy as many securities of the same issuer as they can, the securities acquired are allocated by the size of assets of each Client's account.
 - b. *Sell Orders.* If several Clients are seeking to sell as many securities of the same issuer as they can, the securities sold are allocated based on the total size of each client's position in that security.
3. *IPO's.* Securities acquired in initial public offerings (IPO's) are allocated based on the total size of each Client's investment portfolio.
4. *Price.* The price of securities allocated shall be at the average share price for all transactions of the Clients in that security on a given day, with all transaction costs share on a pro rata basis
5. *Over-Allocation.* Allocations may be made to a Client in excess of or below the amounts specified in 1 through 4 if:
 - a. A Client has a unique investment objective and the security being acquired meets that investment objective; and
 - b. The allocation would be too small to establish a meaningful position for the Client in that security.

This page intentionally left blank

Review of Accounts

Tollefson & Company Client Accounts are reviewed by the Portfolio Manager on an ongoing basis. All accounts are reviewed by the Investment Committee semi-annually. It is the responsibility of the Portfolio Manager for each Account to clearly state the Client's objectives, investment goals, risk tolerance and parameters and any other pertinent information with respect to the Client. This information (as well as Client contact) information is to be updated annually at a minimum or at such time that a change in Client's financial conditions, investment goals or strategy occurs.

Tollefson & Company provides reporting that include account holdings, cost basis, valuation, current income summary and performance statistics to the Client quarterly. On an annual basis, realized gain and loss reports are provided to Client's with taxable portfolios. Upon Client request, any report will be provided on an interim basis. The Client Account custodian provides monthly statements, confirmations, tax reports under separate cover and at a minimum quarterly.

Item 14 *Client Referrals and Other Compensation*

Tollefson and Company or a related person *does not* have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to Clients.

Tollefson & Company *may* directly compensate any person for client referrals. T&C may enter into a written cash referral agreement with employees or outside persons. The compensation may vary depending upon the agreement but always includes a percentage of the fee revenue generated by the referral as long as the Client remains with T&C. The compensation is paid upon receipt from the Client (as directed by the T&C Agreement) as the percentage due for the calendar quarter. Client fees are never increased to accommodate the cash referral agreement.

Directed Brokerage

It is T&C policy to enter into directed brokerage arrangements only at the request of the Client and if in the best interests of such Client. In a “directed brokerage” arrangement, a Client directs the adviser to send commission business to particular broker-dealers that have agreed to provide services to such Client. It is T&C’s duty to continue to seek best execution. Committing a Client’s brokerage to a particular broker-dealer may adversely affect the T&C’s ability to obtain best execution.

Investment or Brokerage Discretion

Tollefson & Company or any related person *has* the authority to determine without obtaining specific Client consent the:

- Securities to be bought or sold. T&C has full discretionary authority to determine, without Client consent, securities to be bought or sold for Clients who have signed discretionary T&C Agreements
- The amount of securities to be bought or sold. T&C has full discretionary authority to determine, without Client consent, the amount of securities to be bought or sold for Clients who have signed discretionary T&C Agreements
- The commission rates paid. T&C may negotiate discounted commissions for trades or reduced wrap fees (if applicable)

Tollefson & Company or any related person *does not have* the authority to determine the broker or dealer to be used without obtaining specific Client consent.

Tollefson & Company or any related person may suggest brokers to Clients. Brokers or dealers may be recommended if a Client enters into an Agreement with T&C without an existing broker-dealer relationship or broker-dealer preference. Brokers are recommended based on factors including but not limited to such as transaction costs and best execution. T&C does not recommend brokers for soft dollar purposes (T&C does not engage in soft dollar transactions for research, product or other services).

Item 17 Voting *Client* Securities

Tollefson & Company shall not vote proxies related to securities held by any Client.

Item 18 Financial Information

Tollefson & Company does not custody Client funds or securities and does not require prepayment of more than \$500 in fees per Client and six or more months in advance thus Schedule G (balance sheet) is not provided.

Item 19 Requirements for State-Registered Advisers

Tollefson & Company has provided copies of the following documents in paper or electronic form to the respective states requiring such information:

Tollefson & Company Investment Management Agreement
Tollefson & Company Directed Brokerage Agreement
Tollefson & Company Fee Billing Agreement

GAAP Balance Sheet information for the previous fiscal year (2011) as requested

Tollefson & Company has remitted payment for fees related to filing

Investment Advisor Representatives are approved by each state and their exam requirements are provided on the IARD system. Fingerprint cards have been processed by individual states upon request.

Tollefson & Company ADV Part I, State Notice Filing has been provided on IARD

