

Firm Brochure
(Part 2A of Form ADV)

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This Firm Brochure provides information about the services and business practices of Carl W. Luxem, a Registered Investment Adviser. Being registered as a Registered Investment Adviser does not imply a certain level of skill or training. 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 the firm is available on the Internet at www.adviserinfo.sec.gov under IARD/CRD number 154202. Please contact Carl Luxem at 952-841-8426 if you have any questions about the contents of this brochure.

March 30, 2012

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Material Changes Since the Last Update

This update is in accordance with the new requirements for state registered investment advisers. Some additional disclosures have been added in addition to Item 19 which is a requirement for state registered advisers.

Full Brochure Available

This Firm Brochure constitutes the complete brochure for the Firm.

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Form ADV – Part 2A – Firm Brochure

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Item 4: Advisory Business

Firm Description

Carl W. Luxem ("Luxem") is a registered investment adviser who has been operating as a sole proprietor since August 2010. From May 1986 through July 2010, Mr. Luxem provided money management services through Money Managers, Inc.

Luxem provides fee-only discretionary money management services primarily to individuals, high net worth individuals and charitable organizations.

Luxem does not act as a custodian of client assets. Clients have their own custodial accounts with an unrelated qualified custodian selected by Luxem.

Types of Advisory Services

Discretionary money management constitutes 100% of Luxem's business.

Discretionary Money Management

Clients authorize Luxem to manage their assets in accordance with what Luxem deems to be in the client's best interest. Luxem determines investment strategies and asset allocations and also makes the day-to-day investment decisions, directing purchases and sales of assets and performing such other related functions as come to bear in the best interest of the client.

Luxem does not provide "financial planning services" or furnish investment advice in any manner other than that described above, nor does he furnish legal, tax, or other non-investment related advice to clients. Luxem does not issue periodic publications relating to securities on a subscription basis; nor does he prepare or issue, separate from the services described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities, or special reports or analyses relating to securities.

Client-Tailored Services and Client-Imposed Restrictions

For increased safety of assets, access to tangible cash equivalents not available through conventional brokers, and access to multiple brokerage firms for trading purposes, Luxem requires that client accounts be held in custody at a trust company of his choice.

All clients wishing to engage Luxem for money management services must first enter into a money management agreement and open a custodial account at the custodian designated by Luxem. Luxem's money management services will commence when the custodial account is funded.

When engaging Luxem's services, clients select the type of account they desire based on their investment objectives and risk tolerance. Each type of account utilizes specific percentage ranges of different assets to be utilized to achieve their objectives. Clients may not impose any additional restrictions on investments in their accounts and are responsible for informing Luxem in a timely manner of changes in their investment objectives and/or risk tolerance.

Agreements may not be assigned without written client consent.

Wrap Fee Programs

Luxem does not sponsor a wrap fee program.

Client Assets Under Management

As of December 31, 2011, Luxem had discretionary client assets under management of approximately \$38 million.

Item 5: Fees and Compensation

Method of Compensation and Fee Schedule

Luxem is compensated solely by fees received from clients for his money management services. He does not receive commissions or compensation from any other source (e.g., mutual funds, insurance products or any other investment product).

Luxem's annual fee rate is 1.50% of client's assets under management. Luxem calculates fees quarterly in advance based upon the value of the assets in the client's account at the end of the previous quarter (prorated initially from the date of inception). The account value is the market value or, in the absence of a market value, the fair value as determined by Luxem. Fees will not be reduced or returned to clients to reimburse them for any investment losses incurred in their accounts. Lower fees for similar services may be available from other service providers.

Clients may terminate their account within five (5) business days of signing a money management agreement without being charged a fee. In the event of later termination by either party, Luxem's fee will be prorated for the period that he managed the account. Luxem may not assign agreements without written client consent.

Client Payment of Fees

Clients authorize Luxem to collect his fee directly from their custodial account. Luxem collects one-third of the quarterly fee at the end of each month after services have been rendered; therefore, fees are not prepaid. The custodian's monthly statement to the client reflects all fee payments. The client, not the custodian, is responsible for verifying the accuracy of the fee.

Additional Client Fees Charged**Custodial Fees**

The client is responsible for all fees the custodian charges for its custodial services (e.g., holding the assets, processing trades, receiving income, etc.). The custodian's separate fees are disclosed in their account documents. Since maintaining the custodial arrangement is an integral part of Luxem's management services, clients should review both the fees charged by the custodian and the fees charged by Luxem to fully understand the total amount of fees they will be paying and to better evaluate the money management services being provided. The custodial fees are material.

Trading Costs

All fees paid to Luxem for money management services are separate and distinct from transaction fees charged by broker-dealers when executing trades for clients. Clients may incur transaction costs in addition to any commissions charged by a broker-dealer when trades in over-the-counter (OTC) securities are executed on their behalf through a broker-dealer on an agency basis. (See Item 12: Brokerage Practices for additional information on brokerage costs.)

Mutual Fund Fees

To the extent that client assets are invested in money market funds (or other mutual funds), Luxem's fees for selecting and monitoring those assets are in addition to the internal expenses of the fund (including fees paid to the fund's investment managers), which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by Luxem to fully understand the total amount of fees they will be paying and to better evaluate the money management services being provided. In practice, these fees are immaterial.

Other Costs

Luxem's management fees do not include the services of any co-fiduciaries, accountants or attorneys.

Prepayment of Client Fees

Clients pay in arrears, therefore there are no prepaid fees (see Client Payment of Fees above).

External Compensation for the Sale of Securities to Clients

Luxem does not receive any external compensation for the sale of securities to clients.

Item 6: Performance-Based Fees

Sharing of Capital Gains

Luxem does not base fees on a share of capital gains or capital appreciation of managed securities and thereby avoids any conflict of interest from that type of compensation creating an incentive to utilize investments that may carry a higher degree of risk.

Item 7: Types of Clients

Description

Luxem generally provides money management services to individuals, high net worth individuals and charitable organizations.

Account Minimums

Luxem imposes no account minimum; however, account size will be a factor for the client in determining the cost-benefit ratio in utilizing Luxem's services. Because of

the highly personal nature of his business, Luxem reserves the right to accept or decline an account of any size at his own discretion.

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

Methods of Analysis and Investment Strategies

Methods of Analysis

Luxem typically utilizes charting and fundamental, technical, cyclical and monetary methods of analysis in determining investment strategies. Charting and fundamental analysis involve evaluating a stock using real data such as company revenues, earnings, return on equity, and profit margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market. Monetary analysis involves dividing nominal prices by the spot price of gold to determine the gain or loss of purchasing power in terms of real prices.

Types of Investments

Luxem typically utilizes domestic and foreign equity securities that are exchange-listed or traded over-the-counter; short-term U.S. Treasuries; and liquid tangible cash equivalent assets such as non-numismatic gold coins and stored grain if needed in a currency crisis.

Sources of Information

In analyzing securities, Luxem utilizes various sources of information including research materials prepared by others, stock rating and timing services, annual reports, prospectuses, company press releases and direct contact with company management.

Investment Strategies

Luxem's over-all investment strategy is based on a top-down approach to the global monetary system, domestic economies and financial markets. Individual stock selection is based on bottom-up analysis of each company. Accounts are managed on a completely flexible basis. Thus, depending on the market environment, Luxem may utilize any one or a combination of asset classes and investments within the client's selected account type. Luxem ordinarily makes purchases with the intention of holding them for significant long-term capital appreciation.

While "short term" or "trading" purchases are not usually intentional strategies, securities may be sold quickly if factors change so that long-term appreciation is no longer a viable outcome. To maintain trading flexibility, Luxem generally invests cash reserves in low-risk U.S. Treasuries. Luxem does not utilize margin, short sales or inverse no-load mutual funds (which increase in price when their underlying securities decline and vice versa) to seek profits and/or to hedge in bear markets.

Investment Strategy and Method of Analysis Material Risks

All investment programs have certain risks that are borne by the investor. Certain strategies may impose more risk than others. For example, investment risk with international equities also includes fluctuation in currency values, differences in

accounting and economic and political stability. Frequent trading of securities can affect investment performance through increased brokerage transaction costs.

Security Specific Material Risks

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g., unsystemic risk), or general market activity and/or monetary activity (e.g., systemic risk). Investors may face the following investment risks:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar tomorrow will buy less than a dollar today because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, gold mining companies depend on finding gold and then producing it, a lengthy process, before they can generate a profit. They carry higher profitability risk than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance business operations increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9: Disciplinary Information

Criminal or Civil Actions

The firm and its management have not been involved in any criminal or civil actions.

Administrative Enforcement Proceedings

The firm and its management have not been involved in any administrative enforcement proceedings.

Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in any legal or disciplinary events related to past or present clients.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

Luxem is not a registered broker-dealer nor is Carl W. Luxem a registered representative of a broker-dealer.

Futures or Commodity Registration

Neither Luxem nor his employees are registered nor do they have an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading adviser.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Luxem is not engaged in any business or profession other than that of Registered Investment Adviser. Luxem and/or his employees are not general partners in any partnership.

Recommendations or Selections of Other Investment Advisers and Conflicts of Interest

Luxem does not utilize the services of other investment advisers to manage client accounts.

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

Code of Ethics Description

Luxem has adopted a Code of Ethics ("Code") that is based on the guiding principle that the interests of Luxem's clients are the top priority of the firm and that all Advisory representatives and other employees have a fiduciary duty to clients and must diligently perform that duty to maintain client trust and confidence. The purpose of the Code is to set forth standards of conduct expected of Luxem employees, to address conflicts of interest that may arise, to prevent violations of securities laws, and to otherwise fulfill their fiduciary duty to clients. Accordingly, Luxem expects all

employees to act with honesty, integrity and professionalism and to adhere to all applicable securities laws. At all times, Luxem and his employees must (i) place client interests ahead of their own interests; (ii) engage in personal investing that is in full compliance with the Code; and (iii) avoid taking advantage of their position. Luxem will provide a copy of the Code to any current or prospective client upon request (contact Carl Luxem at 952-841-8426).

Prohibition on Use of Insider Information

Luxem has adopted policies and procedures to prevent the misuse of “insider” information by prohibiting employees from acting upon or otherwise misusing non-public or inside information. No Advisory representative or other employee may recommend or execute any transaction in a security or its derivative for themselves or anyone else if they are in possession of material, non-public information regarding that security. Employees may not use material non-public information for their personal profit.

Luxem will provide a copy of the firm’s insider trading policies and procedures to any current or prospective client upon request (contact Carl Luxem at 952-841-8426).

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Luxem does not buy or sell securities for clients in which Luxem or his employees have a material financial interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Luxem and his employees may buy or sell securities that are also purchased or sold for clients. In order to mitigate conflicts of interest such as trading ahead, Luxem requires employees to disclose all reportable securities transactions and provide the firm with copies of their custodial or brokerage statements reflecting their trade activity and securities holdings.

Employees may not use internal research for their personal benefit in conflict with the benefit to clients.

Carl Luxem is the Chief Compliance Officer. He reviews all employee trades at least quarterly to ensure that personal trading of employees does not affect the markets and has not been preferential.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Luxem does not maintain a proprietary trading account for his firm and does not have a material financial interest in any securities being traded; therefore no conflict of interest exists.

Item 12: Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Luxem is not affiliated with any broker-dealer. Luxem does not receive any portion of trading fees. Clients give Luxem discretionary authority to select the broker-dealer through which he will execute purchases and sales of securities for their accounts and to negotiate brokerage commissions. Luxem evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Luxem. Also in consideration is such broker-dealer's provision of research (referred to as "soft dollars," as further discussed in the "Soft Dollar Arrangements" section below).

Accordingly, if Luxem determines in good faith that the amount of trading costs (commissions) paid to a broker-dealer is reasonable in relation to the value of the brokerage and research services provided by such broker-dealer, the client may incur higher commissions than may be available to them from other broker-dealers. In other words, lower fees for similar services may be available from other broker-dealers.

Directed Brokerage

Luxem does not permit clients to direct brokerage.

Best Execution

Luxem has a fiduciary obligation to obtain "best execution" (defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances"). The determination of what constitutes best execution as it applies to a particular securities transaction is subjective and involves a number of considerations, such as the overall direct net economic result to the client, the value of research provided, expertise in and access to particular markets or securities, the efficiency with which a transaction is effected, the ability to effect the execution of a large block trade, the value of an ongoing relationship with such broker-dealer, and the financial strength and stability of the broker-dealer. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services.

Consistent with the foregoing, while Luxem will seek competitive rates, he may not necessarily obtain the lowest possible commission rates for client transactions that may be available from another broker-dealer. Carl Luxem is responsible for continuously monitoring and evaluating the performance and execution capabilities of broker-dealers that transact orders for his clients to ensure consistent quality of execution.

Trade errors created in an Advisory account will be corrected so as not to harm the client. The client will not suffer any loss from errors determined to be the fault of Luxem and/or the broker-dealer.

Soft Dollar Arrangements

Luxem typically establishes non-custodial trading accounts with broker-dealers that, in addition to performing trade execution for a commission, also furnish investment research (e.g., economic studies, individual company reports, industry analyses, and technical work) which aids his decision-making processes and inures to the benefit of his clients.

Luxem receives a benefit by not having to pay broker-dealers for research and may therefore have an incentive to utilize a particular broker-dealer based on his or the firm's interest rather than that of his clients. Other benefits include direct access to the trading desk and the ability to execute aggregated client trades. Luxem would not receive these benefits if he did not manage money for clients, therefore a conflict of interest exists when the firm receives soft dollars. This conflict is mitigated by the fact that Luxem has a fiduciary responsibility to act in the best interest of his clients and the services are beneficial to all clients.

Aggregating Securities Transactions for Client Accounts

Clients authorize Luxem in his discretion to aggregate purchases and sales for their individual accounts with purchases and sales in the same securities for himself and his other clients. Luxem seeks to allocate trading and investment opportunities among his clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. Luxem will, therefore, aggregate orders when such aggregation is consistent with his duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client participating in an aggregated order will receive the average share price and share all transaction costs of the trade on a pro rata basis.

Item 13: Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Carl Luxem personally reviews all client accounts on an ongoing basis, at least weekly, taking into account each client's selected objective in light of the current investment environment. Luxem reconciles his records of client holdings and activity with the custodian's records at least monthly. Luxem does not do financial planning.

Review of Client Accounts on Non-Periodic Basis

Changes in a client's situation, changes in the tax laws or changes in market conditions or specific securities are examples of other conditions that may trigger a special review of client accounts.

Content of Client Provided Reports and Frequency

Luxem sends formal reports to clients on a quarterly basis along with comments on relevant market and economic conditions. Reports include quantity, cost and current

value of account holdings, as well as investment results net of expenses in both dollar and percentage terms. Carl Luxem also has personal meetings and phone, mail, or email contact with clients as warranted.

The client's custodian issues monthly account statements reflecting all transactions that settled during the month and all settled holdings. Clients who make arrangements with the custodian for on-line account access can review their custodial account at the custodian's website at any time.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Luxem does not receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

Advisory Firm Payments for Client Referrals

Luxem does not compensate for client referrals nor does he have any unaffiliated solicitors.

Item 15: Custody

Account Statements

Luxem does not have physical custody of assets in a client's account. All client assets are held at an unrelated qualified custodian. Clients are responsible for paying all fees or charges of the custodian pertaining to their account(s). Clients authorize the custodian to accept instructions from Luxem regarding the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account and for payment of Luxem's fee.

Clients receive monthly account statements directly from the custodian. *Clients are urged to carefully review the account statement sent by the custodian and compare it with any corresponding statement provided by Luxem.* The custodian's reports are based on settlement date accounting and Luxem's reports are based on trade date accounting; therefore, normal differences occur when there are unsettled trades at the end of the reporting period. Since pricing methods vary, and Luxem and the custodian do not utilize the same pricing service, another normal difference between their reports is in the valuation of assets.

Item 16: Investment Discretion

Discretionary Authority for Trading

Clients give Luxem discretionary authority to manage securities accounts on their behalf. He is thereby authorized, without obtaining specific client consent, to determine both the securities and quantity to be bought or sold and to effect the trade. Luxem bases this determination on his model portfolio and typically places an

aggregate order for the total number of shares required for all accounts participating in the trade as the market dictates (see Aggregating Securities Transactions for Client Accounts under ITEM 12 above).

Item 17: Voting Client Securities

Proxy Votes

Luxem does not vote proxies on behalf of his clients. Clients must instruct their custodian to forward all proxies and shareholder communications relating to the client's investment assets directly to them. Clients can contact Carl Luxem at 952-841-8426 if they have questions regarding a particular solicitation.

Class Action Settlements

Luxem will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly. Each client should verify with their custodian's account administrator whether the custodian will be filing such claims on the client's behalf or if the client is expected to file such claims directly.

Item 18: Financial Information

Balance Sheet

A balance sheet is not required to be provided because Luxem does not serve as a custodian for client funds or securities and Luxem does not require prepayment of fees of more than \$500 per client six months or more in advance.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Luxem has no condition that is reasonably likely to impair his ability to meet contractual commitments to his clients.

Bankruptcy Petitions during the Past Ten Years

Neither Luxem nor its management has had any bankruptcy petitions.

Item 19: Requirements for State Registered Advisers

Principal Executive Officers and Management Persons

Individuals associated with Carl W. Luxem who are directly responsible for determining client account holdings are required to have an accredited baccalaureate degree and either an advanced degree or a minimum of five years of related business experience.

Carl W. Luxem, Principal/Money Manager

Year of Birth: 1945

Education and Business Background

Education:

- *St. John's University; BA, History; 1972*

Business Background:

- *Carl W. Luxem; Sole Proprietor/Money Manager; 08/2010 - Present*
- *Money Managers, Inc.; Money Manager/Director/Officer; 05/1986 – 07/2010*
- *Research & Development Services; Management Consultant; 1976 - 1986*
- *Northland Mortgage and Investment Companies; Investment Analyst; 1973 - 1976*
- *St. Cloud Redevelopment Authority; Real Estate Officer; 1972 - 1973*
- *Edina Realty Investments; Registered Representative; 1968 - 1970*

Outside Business Activities

Carl W. Luxem is not actively engaged in any business other than that of Registered Investment Adviser.

Performance-Based Fee Description and Additional Compensation

Mr. Luxem does not receive additional compensation over and above his money management fees, nor does he receive performance-based fees.

Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons

Mr. Luxem does not have any disclosures to report.

Material Relationship Maintained by this Advisory Business or Management Persons with Issuers of Securities

There are no material relationships with issuers of securities to disclose.

Supervision

Since Mr. Luxem is the sole proprietor of Carl W. Luxem, he is solely responsible for all supervision and formulation and monitoring of investment services provided to clients. He will adhere to the policies and procedures set forth in the firm's Compliance Manual and Code of Ethics.