

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Nicollet Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 612-915-3033 and/or by email at kathyc@nicolletinvest.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 Nicollet Investment Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

As of April, 2017 Nicollet Investment Management will be instituting a separate billing approach for clients who wish to hire us for Financial Advisory Services only. An engagement letter will be signed by the client defining the scope of the service to be provided and the fee to be charged for that service. Nicollet expects this to be a flat fee based on the amount of work done for the client.

Nicollet is now offering an investment management alternative for clients who do not wish to use the firm's active management of stocks. This alternative involves the use of mutual funds or exchange traded funds (ETFs) for the investment of the stock portion of the client's accounts. A separate fee structure has been added for clients choosing this method of having their money invested in stocks.

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Advisory Business

Description of Business

Nicollet Investment Management, Inc. was established in 1971 in Minneapolis, Minnesota. Mark C. Hoonsbeen is the Principal of the firm.

Nicollet's investment services and fees are charged for the work done in structuring and managing portfolios of stocks and bonds for clients. The portfolios may be 100% individual stocks, 100% individual bonds, 100% exchange traded funds or similar security, 100% mutual funds, or a blend of individual stocks, bonds, exchange traded funds (or similar security), and mutual funds. Most of our clients will have their portfolio managed using individual stocks and bonds in some blend.

Investment Management Services Offered

Nicollet has two internally managed stock strategies.

One is a large capitalization growth stock strategy that primarily invests in companies whose market capitalization is greater than \$10 Billion. This strategy is diversified by both owning at least 20 individual companies, but more typically by holding 30 to 40 individual company stocks. The strategy is also diversified in that we select companies in a broad range of economic sectors and industries.

Nicollet also manages a mid-to-small capitalization growth stock strategy. This strategy primarily invests in companies whose market capitalization is less than \$10 Billion. This strategy adheres to the same criteria on diversification (discussed above) as does our large capitalization growth stock strategy.

Nicollet also buys fixed income securities for its clients. Unlike our stock strategies where clients using one or both of our stock strategies would typically be invested in a similar portfolio of holdings, our bond strategy does not seek to own the same securities in each client's portfolio. Nicollet's fixed income strategy is to customize a fixed income portfolio for each client based on the client's circumstances, including their cash requirements, need to preserve the value of their portfolio, income tax rates, and/or other criteria specific to the client. In our fixed income strategy, we take into consideration general conditions in the fixed income market that may influence our decisions on purchases or sales of fixed income securities in all clients' accounts. Our fixed income strategy will examine and consider all fixed income securities in the market when making decisions for clients. These securities include: securities issued by Governmental bodies (all levels of government), securities issued by agencies of Governmental bodies, securities issued by corporations, securities issued by limited partnerships. Typically, we will not consider for investment any fixed income security that is not at least of investment grade rated (BBB- or Baa) by the major credit reporting agencies. However, in limited cases, we may have in a client's account a security with a rating below investment grade.

Nicollet offers an alternative method for clients to have their money invested in stocks.

This alternative method involves the use of mutual funds or exchange traded funds. Nicollet maintains a list of mutual funds and/or exchange traded funds that are used to invest the stock portion of a client's account(s). Typically the investments used in this strategy employ an indexed approach to investing. Clients who hire Nicollet and want to have their stock investments managed in this manner are subject to a separate fee structure.

Tailoring of Advisory Services

Our firm works with each of our clients to establish the appropriate mix of stocks and bonds in that client's portfolio. We do not charge a separate fee for this service when the client hires us for our Investment Management Service. Typically, that mix is established for the client's entire portfolio, which includes investment accounts that Nicollet manages and the client's accounts that we may not manage (in those cases where Nicollet does not manage the client's entire portfolio of accounts). The decision on the appropriate mix will establish for the client, the amount or percentage the client will hold in subclasses of

securities like large capitalization stocks versus mid-to- small capitalization stocks. The target mix of investments is established through discussions with the client regarding their goals and needs for their investments and is used by our firm as a general guide for allocating investments in the client's accounts.

Reviews of client holdings of stocks and bonds and comparisons to original targets are an ongoing part of our operations. The original targeted weighting of stocks and bonds is meant to set initial targets and we fully expect those weightings to change and communicate this to our clients.

Some clients of Nicollet may not wish to consult with us on the mix in their investment portfolio but instead make those decisions without consultation with our firm. In these instances, the client may either have another adviser assisting them in making these decisions or choose to make those decisions themselves. In these instances, we will rebalance the weighting between stocks and bonds, or in other ways, whenever the client requests.

In those cases where the Firm is asked to assist with the determination of the mix of stocks and bonds in the client's accounts, those choices are reviewed each time we meet with the client, or whenever the client asks us to review those choices. Our client's accounts are also reviewed when individual investment decisions are being made, anytime a significant deposit of cash or securities occurs in the client's account(s), or periodically as part of a general review of all client accounts.

For some of our clients, they may have accounts which are too small to efficiently purchase a portfolio of individual stocks and are accounts whose purpose is distinct from the goals of the client's other accounts. A typical example of this is an account held for children to fund college expenses. In these cases, we may recommend the account be managed using a exchange traded fund (ETF) or a mutual fund where the appropriate investment strategy, because of the small size of the account, can be implemented more cost effectively using that type of security.

In other cases, for instance, clients who own a business and the account we are managing is a retirement plan, we may also offer ETFs or mutual funds as investment options for the client.

When hired for our Investment Management Service, Nicollet handles the day-to-day management of its clients' accounts by making decisions on buying, selling, or holding securities in our clients' accounts. Our clients' security holdings are not held at Nicollet (we do not custody accounts). Instead, our clients custody their securities at a separate firm, typically a broker/dealer such as Charles Schwab or TD Ameritrade (custody agent).

To perform Investment Management Services for our clients' accounts, Nicollet has the authority through its agreement with the client, to make purchases or sales of securities in the clients' accounts held at the custody agency. Based on its agreement with clients, we do not contact the client prior to making a purchase or sale decision in the client's account as the client has granted us authority to make those decisions without consultation.

In addition to assisting clients in determining the proper mix of stocks and bonds in their accounts and managing those accounts, we may also assist clients with advice on other financial matters. Nicollet has not charged its clients a separate or additional fee for such advice when the client has hired us for Investment Management Services as the questions are generally asked to provide our opinion, with the client making their own independent decision. Clients of our firm often ask for our opinion on matters that include: debt and debt refinance, the need for insurance, financing decisions surrounding large expenditures, and other financial matters that families or businesses face. We provide advice and perspective on these matters when asked, but do not hold ourselves out to be experts in matters outside of structuring and managing investment portfolios. When a client's question requires the assistance of an expert in the field in which the question is being asked, we will suggest the client consult with an expert. If asked by the client, we have participated with our clients in conversations on matters outside our firm's expertise solely on the client's direction and desire that we either help them frame their questions or provide our opinions on the expert's recommendation. However, many questions on personal financial decisions that fall outside our expertise of structuring and managing investment portfolios can be framed as decisions on maximizing the present value of a cash flow stream or minimizing the cost of financing.

We do feel qualified to assist clients by framing and analyzing these questions, as the analysis is similar to how we evaluate investments in stocks and bonds.

Nicollet also works with clients on matters pertaining to their potential income taxes but does not charge a fee for this service when the client has hired us for our Investment Management Service. Typically, towards the end of each year we will contact our clients (or in some cases their accountant) who have taxable accounts under our management. We will discuss with those clients realized gains and losses which are taxable. To the extent that our firm is directed by the client (or their accountant) to minimize gains or losses, or maximize gains or losses, based on the client's (or their accountant's) assessment of their need for such gains or losses, and to the extent there are unrealized gains or losses in the client's taxable accounts that allow us to comply with those instructions, we will execute sales of securities solely for the purpose of recognizing gains or losses to assist clients in managing their income tax liability.

Financial Advisory Service

Nicollet's Financial Advisory Service includes advice on a broad scope of personal financial planning issues including retirement planning and retirement account management strategies, investment planning and asset allocation strategies, income tax and estate planning, college education finance planning, and wealth transfer planning. Our advice is always tailored to meet the specific needs and circumstances of each client. Services are offered using client consultations and company generated written reports that may include advice about investment securities including individual equity and debt securities, mutual funds, exchange traded funds, fixed and variable annuities, unit investment trusts and direct participation programs.

Clients hire Nicollet for its Financial Advisory Service when they seek our advice on matters relating to their finances, but do not wish to use Nicollet for its Investment Management Services.

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Our clients may impose their own restrictions on investing in certain securities or types of securities.

Discretionary vs. Non-Discretionary Assets

As of 12/31/16 Nicollet had \$182.3 million in client assets under management. All assets are discretionary.

Fees and Compensation

Investment Management Services:

Nicollet's fee schedule for clients using our active stock investment strategies:

Stock Portfolio Management:

\$250,000 to \$5,000,000	1.10% annually
\$5,000,001 to \$10,000,000	1.00% annually
\$10,000,001 to \$20,000,000	0.90% annually
\$20,000,001 to \$50,000,000	0.75% annually
Over \$50,000,000	0.55% annually
(Minimum assets \$250,000 per equity product)	

Fixed Income Portfolio Management: 0.50% annually

Nicollet's fee schedule for client's using mutual funds or ETF's for stock investments:

Stock Management:	0.65% annually *
Fixed Income Portfolio Management	0.50% annually

*This fee is exclusive of the internal fees that might be charged by the mutual funds or ETF's.

Fees are calculated and assessed quarterly for most client's accounts. Some clients have their fees calculated and assessed on an annual basis. Fees are calculated and assessed (whether quarterly or annually), at the beginning of each calendar quarter (or year), based on the market value of the stocks (applying that schedule) and bonds (applying that schedule) at the end of the preceding quarter (or year). Fees are negotiable but most of the Nicollet's clients are billed based on the fee schedules above.

The fees paid by clients quarterly (or annually when assessed in that manner) are paid for the subsequent three, or twelve in the case of annually billed clients, month period. Therefore, our clients pay for our service before the service is rendered. If a client terminates their contract with us, we will refund the unused portion of the fee collected.

With smaller dollar value accounts and in special situations, we may charge a fixed minimum fee and/or assess the fee on an annual basis instead of quarterly.

Fees are either deducted from the client's account or the client is billed directly. Our clients choose which method they prefer

Fees are also applied to recommended and portfolio supervised mutual funds and exchange traded funds. Mutual funds and exchange traded funds pay an advisory fee to their investment manager, which reduces the net asset value of the mutual fund. Therefore, client assets invested in mutual funds and/or exchange traded funds will pay both a direct fee to Nicollet and a fee to the investment manager.

In addition to our management fees, our clients will also incur brokerage costs such as commissions on trades. Please refer to the section on "Brokerage Practices".

Nicollet may, from time to time, enter into agreements with unrelated firms to provide client referrals and/or client services to its clients. In these instances, we may enter into arrangements to divide the fee paid by the client between our firm and the unrelated firm with whom we have such an agreement. These fee-sharing agreements may be negotiated as a fixed amount or a percentage of the fee earned by our firm.

We may also, from time to time, enter into agreements with other investment advisors whereby the assets of the client will be managed by the other investment advisory firm. In these instances, we would typically have an agreement in place whereby our firm and the other investment advisor would divide the fee paid

by the client according to the agreement.

In all cases where Nicollet has an agreement to divide the fee paid by the client directly to our firm with another unrelated firm, those arrangements are fully disclosed to the client.

Nicollet generally offers a discount or waiver of its standard fee to persons employed by our firm and their immediate families.

No employee of Nicollet will accept compensation for the sale of securities or other investment products.

All our firm's investment advisory contracts with clients can be terminated upon thirty (30) day written notice. As stated above, prepaid fees will be refunded for the number of days beyond the 30 day notice for the current fee period.

Financial Advisory Services:

Nicollet generally offers its services either on a flat fee for service basis or an hourly fee for service. Hourly fees may range from \$100 to \$300 per hour and flat fees may range from \$500 to \$25,000 depending on the nature of the services provided, the complexity of the work and the person(s) performing the services. Additional fees may be charged for expenses incurred in the process of providing services such as travel expenses, document management and transfer expenses, or other administrative services.

Flat fees may be billed monthly, quarterly or on a project basis as mutually agreed upon with a client. Hourly fees are generally billed in arrears and payable on a monthly basis or at the end of a project. Fees for a given client are discussed in the engagement letter with the client.

Performance-Based Fees and Side-By-Side Management

Nicollet Investment Management does not use performance-based fees.

Types of Clients

Nicollet manages assets for individuals and families. This includes taxable brokerage/bank accounts, IRAs, trust accounts, estates, business accounts, children's accounts and 401(k) plans that include personal choice investment options.

We also manage money for corporate pension and profit sharing plans, charitable organizations and Taft Hartley plans.

Nicollet generally requires a minimum asset relationship of \$250,000 for its Investment Management Services. We have, from time to time, accepted clients with less than that amount.

Nicollet has no minimum account size for its Financial Advisory Services.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Management Services

Methods of Analysis and Investment Strategies - Equities

For our stock investments, we concentrate on growth stocks. This means that we are always looking to invest in companies with strong prospects to grow their revenues over the long-term. However, we always attempt to maintain a diversified stance with our stock portfolios and make sure to own the best companies in a broad range of economic sectors and industries.

Nicollet has two internally managed stock strategies.

One is a large capitalization growth stock strategy that primarily invests in companies whose market capitalization is greater than \$10 Billion. This strategy is diversified by both owning at least 20 individual companies, but more typically by holding 30 to 40 individual company stocks. The strategy is also diversified in that we select companies in a broad range of economic sectors and industries.

Nicollet also manages a mid-to-small capitalization growth stock strategy. This strategy primarily invests in companies whose market capitalization is less than \$10 Billion. This strategy adheres to the same criteria on diversification (discussed above) as does our large capitalization growth stock strategy.

We are fundamental analysts in our approach to selecting individual stocks for our stock strategies. As fundamental analysts, we rely on information including industry trends, profitability and product growth assessments to identify individual companies in which to invest.

The sources of information we use to make our assessments on stock investments are varied and broad. These sources include, but are not limited to, company financial reports, industry literature and periodicals, Wall Street research firm reports, and communication with business leaders. We also use macroeconomic information as generally reported by National or Federal Governments to uncover trends.

The assessment of individual investments made for our clients in our large capitalization and mid-to-small capitalization stock strategies are all made internally by Nicollet's investment managers. In the more limited cases where we use an outside manager either as a sub-advisor or through a mutual fund, the sub-advisor or mutual fund manager makes the decisions on which securities to own.

We manage our stock strategies using a model portfolio, which sets as a template the individual stocks we want to hold and the percentage weighting in each stock. Client accounts that own one or both of our stock strategies are regularly reviewed (at least quarterly, always when stocks are bought and sold) and compared against the model portfolio to evaluate whether the client's account(s) holds the targeted amount of each model security.

We do not, however, seek to perfectly align every client account with the exact targeted amount of each security in the model portfolio. Because our clients have hired us and funded their accounts at different times, we may deviate from the model portfolios in buying stocks for each client due to our consideration of the valuation of a specific stock at the time we are investing that clients' account(s), or other reasons that may lead us to buy more or less of that stock than indicated by the model portfolio's holding. There are many reasons a specific client's account may deviate from the model portfolio, for example: the client held a stock when they hired us that we do not own in the model portfolio but may continue to be held for a period after we start managing the client's account(s).

When buying individual investments, we also manage risk through our portfolio management techniques and individual stock selection process. We seek to maintain a diversified portfolio of stocks, meaning that we have investments in many different segments of the economy. Each individual investment is analyzed for its investment merit and the risks associated with the investment

Risk of Loss - Equities

In owning stocks, all our clients are subject to the variety of risks associated with stock investing. These risks include general market risk and stock specific risk.

General market risk is the risk that the overall market declines in value reducing the value of all, or a large percentage, of individual company stocks. Historically, this risk has been associated with a temporary decline in economic activity or due to an exogenous event like a war or other disruptive event. However, should an event occur that creates a sustained reduction in economic activity (something that historically has not happened), investors in our stock strategies may not experience a recovery in the value of their stock positions. There is a risk of permanent loss.

Investors in our stock strategies are also subject to the risk of loss in their investments due to declines in the value of one or more individual stocks owned in an account managed by Nicollet. With every stock we purchase for our clients, there is always a possibility that our research has failed to uncover a risk that may lead to a permanent loss of some or all of the value in that stock. These individual stock losses may also occur in periods of a general rise in stock prices. The conditions that give rise to losses in individual stock positions are numerous, some directly related to the company's performance, others related to the market's current assessment for the industry in which the company operates, and others unrelated to either the company's current performance or its industry but an assessment by other investors on the company's outlook.

We try to minimize the risk of loss from company or industry-specific risk through our research. However, that research entails forecasting future conditions and weighing the probability of certain events unfolding. We do not profess a unique insight into future conditions, we rely on our experience and judgment to assess the risks involved in purchasing individual stocks for our investors.

Any equity investor in a company is always at some risk of losing their entire investment.

Methods of Analysis and Investment Strategies – Fixed Income

Fixed income securities are purchased based on our internal assessment of the issuer's ability to make the interest and principal payments promised in the terms of the security. These assessments are made based on our knowledge of the issuer, credit rating of the issuer, and other information available to make this assessment.

Our general strategy in fixed income investing is to focus our investments in higher-quality issuers who carry investment grade credit ratings. In limited circumstances we may own fixed income securities whose credit rating has fallen from investment grade to a below investment grade rating if we assess they still are able to comply with the terms of the security. We also may invest in unrated securities (securities that have not been rated by a major credit rating agency), but this would occur only in limited circumstances and generally be part of a fixed income strategy we have discussed with the client.

Our strategy in fixed income investing for our clients also incorporates consideration of the highest income tax rate paid by our clients. We will often seek to purchase fixed income securities issued by government entities when the client can earn a higher after-tax yield for the same risk. Most state and local government-issued fixed income securities are exempt from income tax. Often clients paying higher marginal tax rates can earn a better after-tax yield owning these securities instead of fixed income securities whose interest income is fully taxable.

Risk of Loss – Fixed Income

To manage the risk of holding fixed income securities, we employ two strategies. The first is to own securities from multiple issuers in a client's account. We make every attempt to diversify our clients' exposure to a single issuer when buying fixed income securities for their account(s). However, for some of our clients the dollar amount allocated to fixed income may be too small for us to buy more than a single issuer's debt. Typically this occurs when the amount allocated to fixed income is \$10,000 or less. In these instances, the entire allocation a client has to fixed income may be contained in a single fixed income security.

The second method we employ to limit the risk within our clients' investment accounts is to stagger the maturities of their fixed income securities over a period of time. This is commonly known as "laddering" maturities. With a laddered portfolio of fixed income securities, the client's interest rate risk arising from reinvestment of their fixed income security maturities is reduced.

Fixed income security investments, like all investments, can fall in value, either temporarily or permanently. Because of this, investors in our fixed income strategy are subject to the potential loss of their investment.

The market value of a fixed income security is dependent upon several factors. These include: the general level of interest rates, the markets assessment of the fixed income security issuers ability to repay the terms of the security, and changes in the credit rating of the issuer.

Some of the risks that give rise to a decline in the value of a fixed income security can be deemed temporary and do not impact the ability of the issuer to pay. If general interest rates rise, the current market value of outstanding fixed income securities will tend to fall. This means anytime interest rates are rising, we would expect the market value of the fixed income securities we have purchased for our clients' accounts to fall. However, if the issuers of those securities continue to be able to pay the interest and principal due under the terms of the security, the current market value lost on the security due to rising rates will not cause a change in our expected holding period return on that security. Our clients would only sustain a loss relative to the return we expected on that security if we sold the security prior to maturity.

Similarly, a decline in the credit rating of the issuer of a fixed income security can give rise to a temporary loss in the market value of the fixed income securities issued. If the issuer is still able to make the interest and principal payments as scheduled, the market value loss would be temporary unless we sold the security at a lower value than we had anticipated when making the original investment.

Permanent losses on fixed income securities occur in those instances where the issuer fails to meet the terms of the security and seeks to restructure (most often through bankruptcy) the terms in a manner that they are no longer obligated to repay the full amount we expected when purchasing the security. We make every attempt to avoid buying securities from issuers who are at risk of bankruptcy. However, though uncommon, it is possible that a single event or action can cause an issuer's financial condition to deteriorate rapidly and result in a permanent loss on its fixed income securities. Though we try to avoid the risk of permanent losses, we cannot fully account for all the events that might render an investment grade issuer of fixed income securities to become insolvent quickly.

Financial Advisory Services

Methods of Analysis

Nicollet gathers detailed information from clients about their current investment holdings along with other financial and non-financial information such as employment status, financial risk management posture, financial goals and family financial circumstances. Nicollet will then analyze the client's current holdings using conventional tools and information sources such as Morningstar, Inc., Value Line, and a variety of professional and public financial publications, newsletters and data sources. Holdings are viewed in aggregate to determine asset allocation characteristics. Investment holdings may also be evaluated

individually in detail to determine historical performance results and rankings as well as current fundamental and technical investment characteristics, market sector representations, management details and industry rankings.

Investment Strategy

From the analysis, Nicollet will make recommendations to allow clients to achieve appropriate overall asset allocation objectives and portfolio balance, to meet their investment income and growth targets, income tax efficiency and management cost efficiency targets. As part of the recommendations, Nicollet generally includes diversification strategies to manage risks while considering exchange listed U.S. and foreign equity securities, mutual funds, exchange traded funds, corporate, government and municipal fixed income investments, bank depository investments, separately managed accounts, fixed and variable annuities, and other conventional investment tools.

Security Specific Material Risks

Clients are routinely informed about the nature of investment risks such as market risks, interest rate risks, credit risks, business risks, liquidity risks and others. Clients are also routinely made aware that investing in securities can result in loss of investment principal and that clients should be prepared to bear those losses should they occur.

The specific risks associated with financial planning include:

- Risk of Loss
 - Client fails to follow the recommendations resulting in market loss
 - Client follows the recommendations resulting in market loss
 - Client has changes in financial status or lifestyle and therefore plan recommendations are no longer valid.

Disciplinary Information

Nicollet Investment Management and its management have not been involved in any type of material disciplinary or legal event.

Other Financial Industry Activities and Affiliations

None of the employees of Nicollet Investment Management are registered broker-dealers.

Nicollet does not have any other financial industry affiliations.

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

Nicollet Investment Management has adopted a written Code of Ethics covering all employees. Our firm's Code of Ethics requires high standards of business conduct, compliance with Federal securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions.

Employees of Nicollet have personal accounts in which they buy and sell securities. Nicollet does not prohibit employees from owning securities in personal or related person accounts, but we do have procedures in place to ensure client security purchases and sales take precedent over employee purchases and sales. This policy applies equally to employees and to accounts in which an employee has an interest individually, jointly or as a guardian, executor or trustee or to the accounts in which the children or other dependents residing in the same household have an interest.

When an employee transacts in his or her personal accounts, they first discuss the intended transaction with one of our portfolio managers. Portfolio managers have discretion in client accounts to purchase and sell securities in our client's accounts. Our portfolio managers are aware of either transactions currently being executed in client accounts or securities they might be buying or selling in client accounts in the near term. An employee will be prohibited from executing purchases or sales in a security in which we are, or intend to, transact in a client account.

For purchases of a security, employees will not transact in the security until after all purchases of the security have been completed in client accounts. Similarly, for sales employees will not execute a sale until all client accounts have sold the amount intended to be sold.

In instances where a portfolio has plans to transact in the security in the near term, but no transactions are currently underway for client accounts, the employee will refrain from transacting in the security until after the trades are made in the client accounts or the portfolio manager indicates he or she is no longer intending to transact in the security.

Employees investment accounts are reviewed quarterly to ensure no transactions were executed in their accounts that conflict with this policy.

No employee of Nicollet has a material financial interest in any security which we recommend to our clients or buy or sell for our client accounts.

A copy of the Code of Ethics is available to clients and prospects upon request.

Brokerage Practices

Nicollet Investment Management operates under a limited power of attorney which grants our firm investment discretion. Nicollet thereby has the authority to direct the investments in the client's portfolio without prior consultation with the client. Pursuant to this discretionary authority, we will determine which securities, and the amount of each security, to be bought or sold.

Nicollet, based on its discretionary authority and subject to any conditions imposed in writing by the client, will select the broker or dealer to execute transactions and decide the commission to be paid. The broker or dealer selected is based on a number of factors including, but are not limited to: best interests of the portfolio, price, liquidity, size, responsiveness, range and depth of service, quality, frequency and timeliness of research. Services of direct benefit to the client, such as acting as custodian for the client's portfolio, are also considered. The amount of commission paid to brokers or dealers varies depending on a compilation of the preceding factors and competitive commission rate levels in the marketplace. Nicollet does not receive any compensation for recommending a broker-dealer to our clients.

If Nicollet receives instructions from a client to direct a brokerage trade to an outside brokerage firm to fulfill an obligation the client has, we would evaluate if the brokerage firm is providing competitive commission rates and reasonable execution. We would communicate to our client the results of our evaluation. If the client insists on continuing with this transaction, we would document our review for the file and execute the client instruction.

Nicollet may receive research from some brokers or dealers with whom transactions are executed. Our firm believes all of our clients benefit from the research provided by various brokers or dealers who effect transactions for our client accounts. However, we have no commitments, either written or oral, to transact with a broker/dealer in exchange for research services.

The compensation of our firm's personnel may be influenced by the number of new clients resulting from their efforts. Nicollet may enter into arrangements with independent organizations or persons for client referrals (i.e., accounting firms, brokers, dealers, etc.). All such arrangements are governed by the disclosure requirement under the Investment Advisors Act and other applicable laws and regulations.

Review of Accounts

Nicollet Investment Management employs a team approach to monitoring, reviewing, and managing our clients' accounts. Our firm's Principal, Portfolio Managers, Senior Managing Directors, and Senior Office Administrators each have a role in reviewing our clients' accounts. We do not assign specific client responsibility to specific employees. Our account reviews are ongoing and embedded in the business processes we use to manage our clients' accounts.

All current employees of Nicollet have a role in reviewing various aspects of our clients accounts. Our Portfolio Managers tend to focus their reviews on the allocation of client assets, discussions with clients on changes in asset allocation, each client's individual investment holdings, and on implementing any changes necessary in clients' accounts. Our Office Administrators daily monitor all clients' accounts for cash-flows, make sure requests for withdrawals are executed, monitor restrictions we may have placed on a client account, and monitor miscellaneous items like required withdrawals and one-time requests by clients.

No employee is assigned a specific number of accounts to review, all client accounts in which an employee has any responsibility are regularly reviewed by that employee. In every instance, there are at least two and more often, more than two, employees with responsibility for monitoring a client's account(s).

There are numerous activities we engage in which could be deemed as client account reviews. Most of these are imbedded in the processes we use in our day-to-day activity managing our clients' accounts. For each of our clients, we establish, use, and maintain guidelines for how each client account is to be allocated between stocks, bonds and cash. Though these allocations are influenced by moves in market prices, we do regularly review (at least monthly) the allocation of each client account against our targeted allocation amongst the various types of investments. This is done primarily by allocating the cash held in the account to its respective intended investment area (e.g. cash available for fixed income securities, cash available for large cap stock investments). We also review each client account each time we invest in a new stock, fixed income, or other security. Our portfolio managers regularly discuss client accounts while investment decisions are being made.

We manage our stock strategies using a model portfolio, which sets as a template the individual stocks we want to hold and the percentage weighting in each stock. Client accounts that own one or both of our stock strategies are regularly reviewed (at least quarterly, always when stocks are bought and sold) and compared against the model portfolio to evaluate whether the client's account(s) holds the targeted amount of each model security.

We do not, however, seek to perfectly align every client account with the exact targeted amount of each security in the model portfolio. Because our clients have hired us and funded their accounts at different times, we may deviate from the model portfolios in buying stocks for each client due to our consideration of the valuation of a specific stock at the time we are investing that clients' account(s), or other reasons that may lead us to buy more or less of that stock than indicated by the model portfolio's holding. There are many reasons a specific client's account may deviate from the model portfolio, for example: the client held a stock when they hired us that we do not own in the model portfolio, but may continue to be held for a period after we start managing the client's account(s).

We review our clients' account(s) whenever there is a material cash-flow into or out of their accounts. Material cash-flows often require more detailed analysis to ensure the account remains in balance with our targets for the clients' accounts.

We also regularly review with our clients' their portfolios. This includes meetings, phone conversations, emails, and letters. During these communications, we are always trying to assess whether there are changes in each client's circumstances that warrant a more thorough review of the client's mix of assets. Other times, the client may come to us and ask that we review their overall asset allocation, which triggers a more extensive review of their accounts in light of financial information provided by the client.

Nicollet provides its employees who are engaged in reviews of client accounts several tools for maintaining and accessing current information on the client. We maintain a customer relationship system where we document important information on how we are to manage each client's account and changes that may occur. For most of our clients, we have engaged in extensive analysis of their income statement, balance sheet and provided written recommendations for how their investments are to be allocated. This written document (and subsequent updates) are readily available to all employees for review. We also have internal reports that are provided all employees containing information on how each client's account(s) are to be invested. Finally, everyone at Nicollet regularly discusses our clients' account(s). To be effective in managing our clients' account(s), our best means is constant communication amongst all our employees.

Client Referrals and Other Compensation

Nicollet Investment Management has clients who were referred to us by Charles Schwab & Co., Inc. ("Schwab"). These clients were referred through our firm's participation in Schwab Advisor Network. Schwab is a broker-dealer independent of and unaffiliated with Nicollet. Schwab does not supervise Nicollet and has no responsibility for our firm's management of client's portfolio or other advice or services. Nicollet pays Schwab fees to receive client referrals through this program. Our firm's participation in the Schwab Advisor Network may raise potential conflicts of interest described below.

Nicollet pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab. The Participation Fee paid by our firm is a percentage of the fees the client owes to our firm or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Nicollet pays Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Nicollet quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Nicollet and not by the client. We have agreed not to charge clients referred through the Service, fees or costs greater than the fees or costs the firm charges clients with similar portfolios who were not referred through the Service.

Nicollet no longer participates in the Schwab Advisor Network and is no longer accepting referrals from Schwab under that or any other fee sharing arrangement. However, those clients who hired Nicollet based on a referral from Schwab while we were in the Schwab program continue to have their fees paid shared by Nicollet and Schwab according to the terms of the agreement. This fee sharing was fully disclosed to the client in the Schwab Advisor Network Investor Acknowledgment.

Because Nicollet earns a lower net fee on clients referred under the Schwab Advisor Network program, Nicollet could have an incentive to recommend a client move their account from Schwab to another broker/dealer where that fee share would not apply. Nicollet's agreement with Schwab includes a provision whereby Nicollet would be obligated to pay Schwab a one-time fee for actively encouraging clients referred under the Schwab Advisor Network program to move their accounts out of Schwab. Nicollet is not required to pay this fee if the client directs their accounts be moved without a recommendation from Nicollet.

Because of the potential fee Nicollet would be obligated to pay Schwab for moving Schwab Advisor Network clients, there may be a conflict of interest. Nicollet may be thought to have an economic interest in maintaining these clients at Schwab to avoid paying that fee. Nicollet believes Schwab's service and trade execution to be amongst the best across the broker/dealers that its clients use.

We believe no conflict of interest has existed. However, if for any reason Nicollet felt it in its clients' best interest to move their accounts from Schwab to another broker/dealer, it would make that recommendation to all clients. We would not consider any fee we would be obligated to pay in making the recommendation to clients.

Custody

It is Nicollet Investment Management's policy that we will not accept or hold client funds or securities. All client assets are custodied at a "qualified custodian" which includes banks or registered broker-dealers. These custodians must provide our clients, at least quarterly, a detailed statement of their holdings.

Nicollet may assist our clients with the necessary forms and/or mailing of checks made payable to the client's account at the custodian, but shall not take actual possession of the funds.

Advisors that deduct management fees directly from their clients' accounts will be deemed to have custody. However, advisers that have custody only because they deduct fees may continue to answer "No" to the custody questions in Item 9 of Form ADV Part I. Nicollet may have this authority to deduct fees from client accounts.

Investment Discretion

Investment Management Services

Nicollet Investment Management operates under a limited power of attorney when the client hires us for our Investment Management Services, which grants our firm investment discretion. Nicollet thereby has the authority to direct the investments in the client's portfolio without prior consultation with the client. Pursuant to this discretionary authority, we will determine which securities, and the amount of each security, to be bought or sold.

A client may direct our firm to purchase or not purchase certain securities. Any securities bought or delivered into an account at our clients' request are considered non-discretionary assets on our portfolio management system. As part of our client review, these assets will be reviewed. If a client has restricted the purchase of any security, these instructions are entered on our trading system so that the security is flagged as "restricted".

Financial Advisory Service

For clients who hire Nicollet for Financial Advisory Services, Nicollet does not accept discretionary authority to manage securities on behalf of the clients.

Voting Client Securities

Investment Management Services

Nicollet Investment Management, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of our clients. Our policy is to vote all proxies from a specific issuer the same way for each client unless there are qualifying restrictions from a client.

We will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors unless there are conflicts of interest raised by an auditors non-audit services. We will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, Nicollet will further consider the opinion of management and the effect on management, and the effect on shareholder value.

Nicollet will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of Nicollet with the issuer of each security to determine if Nicollet or any employee has a financial, business or personal relationship with the issuer. If a material conflict of interest exists, we will determine if it is appropriate to give the client an opportunity to vote the proxy themselves or to address the voting issue through other objective means such as receiving an independent third party voting recommendation.

Nicollet makes its Proxy Voting Policy and Procedures available to its clients upon request. Also upon request, clients may receive the proxy voting record for their account.

Financial Advisory Service

For clients who hire Nicollet for Financial Advisory Services, Nicollet does not accept authority to vote client held securities.

Financial Information

Nicollet is not required to furnish company financial statements.

Requirements for State-Registered Advisers

Not applicable.