

CENTURION COUNSEL, INC. (CCI) PART 2 OF FORM ADV (BROCHURE)

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This brochure provides information about the qualifications and business practices of Centurion Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at 760-471-8536 and/or info@centurioncounsel.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 Centurion Counsel, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes to the business of the adviser since the last annual update.

Item 3 Table of Contents

		<u>PAGE</u>
ITEM 4	ADVISORY BUSINESS	4
ITEM 5	FEES AND COMPENSATION	5
ITEM 6	PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT	6
ITEM 7	TYPES OF CLIENTS	7
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGY AND RISK OF LOSS	8
ITEM 9	DISCIPLINARY INFORMATION	9
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	10
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	11
ITEM 12	BROKERAGE PRACTICES	12
ITEM 13	REVIEW OF ACCOUNTS	13
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION	14
ITEM 15	CUSTODY	15
ITEM 16	INVESTMENT DISCRETION	16
ITEM 17	VOTING CLIENT SECURITIES	17, 18
ITEM 18	FINANCIAL INFORMATION	19

- A. Centurion Counsel, Inc. (the adviser) was formed in 1984. CI Holding, Group, Inc., a holding company, owns more than 75% of the adviser.
- B. CCI designs a Strategic Asset Allocation program ("SAA"), a comprehensive asset allocation discretionary portfolio management program for each qualified individual and institutional investor. The SAA program developed by the adviser seeks to achieve specific risk limits and reward objectives for each individual client portfolio. The underlying concept of SAA is Modern Portfolio Theory ("MPT") which was developed in the 1950's by Professors Henry Markowitz (University of Chicago) and William Sharpe (Stanford University). MPT established that volatility of results could be reduced by portfolio diversification among asset classes that have negative correlation. MPT determined a method of diversification called optimization, which sought to provide the maximum long-term return for the lowest short-term volatility (risk) that an investor is willing to assume.
- C. The adviser uses a variety of software programs that contain historic market performance and correlation to "optimize" a client's portfolio. The adviser analyzes risks and reward parameters of a prospective client's current portfolio prior to designing alternative portfolios that may have higher or lower volatility and rewards compared to the client's current portfolio. In some cases, the client's current portfolio may include assets which are integrated into the alternative portfolio options because they meet the optimized requirements or the client has specified special social, religious or philosophical limitations on the portfolio design. The client, whether institutional or individual, has the final authority to determine the risk and reward objectives as proposed by the alternative portfolios presented to the client.

Asset Allocation Style - This management style focuses on relatively broad asset classes (i.e., stocks or bonds). The focus then will be made on identifying different classes of assets that have demonstrated different behavior characteristics from each other during various economic and capital market cycles. Different asset mixes provide alternative combinations of risk and reward.
- D. The adviser does not participate in a brokerage wrap fee program, but may charge similar fees on adviser-managed accounts.
- E. As of June 6, 2011, the adviser manages \$ 66,298,000.00 in client assets. All client accounts are managed on a discretionary basis.

FEE SCHEDULE

The annual management fee ("Management Fee") is described below. Certain accounts may be charged compensation that is based on a share of capital gains or capital appreciation.

<u>PORTFOLIO VALUE</u>	<u>MAXIMUM FEE</u> ^{(1) (2) (3)}
On the first \$250,000	0.60% per quarter
On the next \$250,000	0.55% per quarter
On the next \$500,000	0.50% per quarter
On the next \$1,000,000	0.40% per quarter
Thereafter	0.35% per quarter

No commissions will be charged on transactions in the portfolio, however an administrative transaction charge is charged on each stock, bond and option transaction. The current administrative transaction charge is \$3.50 charged by the custodian.

- (1) Under certain circumstances, management fees may be negotiated.
- (2) Management fees are automatically deducted quarterly from the **SAA** accounts. The management fee is paid to CCI. The portfolio managers are salaried employees of CCI and do not receive a portion of the management fees.
- (3) Although CCI believes these fees and charges are competitive, lower or higher fees may be found for comparable services.

The adviser may accept performance-based fees.

The adviser may manage side-by-side accounts (accounts that are charged performance-based fees and accounts that are not charged these fees).

TYPES OF CLIENTS

Centurion Counsel's advisory services are available for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Centurion Counsel requires a minimum account value of \$250,000, but under certain circumstances, the minimum account size may be lowered.

CCI seeks to achieve specific risk limits and reward objectives for each individual client portfolio. The underlying concept of CCI's "Strategic Asset Allocation" (SAA) is Modern Portfolio Theory ("MPT") which was developed in the 1950's by Professors Henry Markowitz (University of Chicago) and William Sharpe (Stanford University). MPT established that volatility of results could be reduced by portfolio diversification among asset classes that have negative correlation. MPT determined a method of diversification called optimization, which sought to provide the maximum long-term return for the lowest short-term volatility (risk) that an investor is willing to assume.

CCI uses a variety of software programs that contain historic market performance and correlation to "optimize" a client's portfolio. CCI analyzes risks and reward parameters of a prospective client's current portfolio prior to designing alternative portfolios that may have higher or lower volatility and rewards compared to the client's current portfolio. In some cases, the client's current portfolio may include assets which are integrated into the alternative portfolio options because they meet the optimized requirements or the client has specified special social, religious or philosophical limitations on the portfolio design.

The client, whether institutional or individual, has the final authority to determine the risk and reward objectives as proposed by the alternative portfolios presented to the client.

Asset Allocation Style - This management style focuses on relatively broad asset classes (i.e., stocks or bonds). The focus then will be made on identifying different classes of assets that have demonstrated different behavior characteristics from each other during various economic and capital market cycles. Different asset mixes provide alternative combinations of risk and reward.

Item 9 Disciplinary Information

There are no legal or disciplinary events (that are material to a client's or prospective client's evaluation of the adviser's business) that have occurred in the previous ten years.

- A. The management persons of the adviser are registered as registered representatives and principals of Centurion Institutional Services, Inc., a broker-dealer
- B. None of the management persons of the adviser are registered as futures commission merchants, commodity pool operators, commodity trading advisors, or as associated persons of any of the foregoing entities.
- C. The management persons of the adviser identify the following relationships/arrangements with the related persons listed below:
 - 1. Broker-dealer- the management persons of the adviser are registered with Centurion Institutional Services, Inc. as registered representatives/principals
 - 2. Investment company – none of the management persons of the adviser have relationships with such entity
 - 3. Other investment adviser or financial planner – none of the management persons of the adviser have relationships with such person/entity
 - 4. Futures commission merchant, commodity pool operator, or commodity trading adviser – none of the management persons of the adviser have relationships with such persons
 - 5. Banking or thrift institution – none of the management persons of the adviser have relationships with such entities
 - 6. Accountant or accounting firm – none of the management persons of the adviser have relationships with such person/entity
 - 7. Lawyer or law firm – none of the management persons of the adviser have relationships with such person/entity
 - 8. Insurance company or agency – none of the management persons of the adviser have relationships with such entities
 - 9. Pension consultant – none of the management persons of the adviser have relationships with such person/entity
 - 10. Real estate broker or dealer – one management person of the adviser is associated with a real estate franchise as a real estate broker
 - 11. Sponsor or syndicator of limited partnerships – Jack Heilbron, President of the adviser, is also the President of NetREIT, a Maryland corporation that operates as a real estate investment trust (REIT), as defined under Internal Revenue Code, and NetREIT Dubose Model Homes, LP, that operates as real estate investment trust (REIT), as defined under Internal Revenue Code
- D. The adviser does not recommend or select other investment advisers for our clients

As an investment adviser, the Adviser is a fiduciary. It owes its clients/investors the highest duty of loyalty and relies on each employee to avoid conduct that is or may be inconsistent with that duty. It is also important for employees to avoid actions that, while they may not actually involve a conflict of interest or an abuse of a client/investor's trust, may have the appearance of impropriety. Because the Adviser may serve as general partner, investment manager and/or investment adviser to a number of types of separate accounts (collectively throughout "clients/investors") the Adviser has adopted a code of ethics setting forth policies and procedures, including the imposition of restrictions on itself and employees, to the extent reasonably necessary to prevent certain violations of applicable law.

This Code is based on a few basic principles that should pervade all reasonable investment related activities of all employees, personal as well as professional: (1) the interests of the Adviser's clients/investors come before the Adviser's or any employee's interests; (2) each employee's professional activities and personal investment activities must be consistent with this Code and avoid any actual or potential conflict between the interests of clients/investors and those of the Adviser or the employee; and (3) those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to the Adviser and its clients/investors, including taking inappropriate advantage of that position.

A copy of the Code of Ethics is available to any client or prospective client upon request.

It is the Adviser's policy to impose specific requirements related to each covered person's personal trading and investment activity.

The Adviser's policy is to consider the effects of various types of trading, including short term trading and trading in new issues as a potential conflict of interest. Similarly, the Adviser may impose specific requirements related to investments in private placements.

Approval may be refused for any proposed trade by an employee that:

1. Involves a security that is being or has been purchased or sold by the Adviser on behalf of any client/investor account or is being considered for purchase or sale
2. Is otherwise prohibited under any internal policies of the Adviser (such as the Adviser's Policy and Procedures to Detect and Prevent Insider Trading)
3. Breaches the employee's reasonable fiduciary duty to any client/investor
4. Is otherwise inconsistent with applicable law, including the Advisers Act and the Employee Retirement Income Security Act of 1974, as amended
5. Creates an appearance of impropriety

- A. The following factors are considered in selecting or recommending broker-dealers for client transactions
1. The adviser does not receive research or other products or services ("Soft Dollars") other than execution from a broker-dealer
 2. The adviser does not receive client referrals from a broker-dealer for selection of a specific broker-dealer
 3. The adviser routinely recommends that a client direct CCI to execute transactions through a specific broker-dealer, encompassed in the following language from the client agreement: "CCI appoints Centurion Institutional Services, Inc. ("CISI"), an affiliated broker dealer, as the broker dealer with respect to processing securities transactions for **SAA** client accounts unless the client requests another broker dealer. J.P. Morgan Clearing Corp. ("JPMCC"), CISI's clearing firm, is appointed as custodian for all assets held in **SAA** accounts. Therefore, securities transactions for **SAA** accounts are effected through CISI and J.P. Morgan Clearing Corp." Not all advisers require their clients to direct brokerage. While CCI and CISI make every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients must consider whether or not the appointment of CISI as the broker dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions.
- B. To improve the quality and cost of execution, the adviser may aggregate transactions for a client with other clients. Allocations of aggregated orders are made under procedures designed to treat all clients fairly.

- A. All positions are reviewed daily by a CCI analyst or the portfolio manager to determine whether trade executions have been successfully completed and whether cash levels are appropriate. On a quarterly basis, the analyst compares each account's asset allocations to the client's specific portfolio model and prepares a "drift report" for the portfolio managers.

The portfolio managers review monthly and quarterly account statements and the Vice President/Operations reconciles and reviews each account quarterly. Depending on market conditions, the portfolio manager may review accounts more frequently.

Performance information is reviewed for accuracy by Centurion Counsel Inc.'s Operations Department. The review process consists of pricing all positions, reconciling account positions, automatically updating performance records and comparing each account's performance for deviations from other accounts.

Performance information is calculated on a uniform and consistent basis using a time-weighted rate of return in accordance with AIMR guidelines. The performance information is not reviewed by a third party.

- B. N/A

- C. The client receives from CCI **detailed quarterly written performance reports** describing account performance and positions, with market comments. In addition to the quarterly performance reports, J.P. Morgan Clearing Corp. transmits directly to each client **trade confirmations** for each transaction and **monthly account statements** showing all transactions, positions, and all deposits and withdrawals of principal and income.

A. No economic benefits (i.e. sales awards, prizes) are provided by someone who is not a client to the adviser for providing investment advice or other advisory services to our clients.

B. The adviser directly compensates persons not directly supervised by the adviser (soliciting agents) for client referrals. All soliciting agents and their referred clients sign the page of the management agreement below.

The Investment Advisor is:

Centurion Counsel, Inc.

1282 Pacific Oaks Place

Escondido, California 92029

Tel: (760) 471-8536

Fax: (760) 471-0399

The Soliciting Agent is:

Name of Soliciting Agent

Name of Soliciting Agent's Broker/Dealer

Please be advised that the above named solicitor or broker/dealer, if any, has entered into a solicitation with CENTURION COUNSEL, INC. (hereafter "CENTURION") whereby the former will receive compensation for referral of client to CENTURION's asset management programs.

All solicitors have a financial interest in the selection of the investment advisor. The Solicitor will be compensated ____% of the fees paid to CENTURION pursuant to your Discretionary Management Agreement. This compensation shall continue for as long as CENTURION manages your funds and the above solicitor or broker/dealer is the Soliciting Agent of record. The Solicitor may receive a commission, if any, on the bond, stock, gold or other fund(s) or annuity which are purchased in the account. Additionally, CENTURION may provide periodic educational and training sessions whereby CENTURION pays for this travel and other affiliated expenses for the soliciting agent and his/her spouse. Notably, you would pay the same management fees irrespective of whether you work directly with CENTURION or are referred by a solicitor.

At all times each Account shall be maintained with a qualified custodian, who may be the executing broker-dealer, as each of those persons is defined under the Advisors Act. At no time shall we withdraw or otherwise receive, retain, or physically control your cash, securities or other assets, except for the payment of our investment management fee.

The client should carefully review the quarterly/monthly custodial account statements, and should compare these statements to the quarterly statements sent by the adviser.

The adviser accepts discretionary authority to manage securities for all clients. All clients sign a Power of Attorney as part of the management agreement.

As part of the Power of Attorney, the client places the following limitations on the discretionary authority of the adviser: Client specifically withholds from CCI authority to act or direct you to act on Client's behalf regarding the following matters:

1. to make any investment which cannot be liquidated within one hundred eighty (180) days of instruction to do so,
2. to transfer any or all of the assets of Client's account (except the investment management fee paid quarterly to CCI) to any account held by CCI or its affiliated companies.

The language in the Advisory Agreement, signed by each client, authorizes the adviser to vote proxies with respect to any securities in an Account, in accordance with the adviser's proxy voting policies then in effect and as disclosed on our website. Our website is currently www.centurioncounsel.com.

Centurion Counsel Company Proxy Voting Procedures list specific guidelines on how to vote proxies on behalf of the client:

Auditors: We will vote for proposals to ratify auditors, unless any of the following apply:

An auditor has a financial interest in or association with the company, and is therefore not independent;
It is not clear that the auditors will be able to fulfill their function; Fees for non-audit services are excessive; or There is reason to believe the independent auditors have rendered an opinion that is neither accurate nor indicative of the company's financial position.

Board of Directors: Votes for election of Directors must be evaluated on a case-by-case basis, considering the following factors:

Long-term financial performance of the company relative to its industry;
Independence of the board and key board committees;
Managements track record; Attendance at board meetings; Corporate governance and takeover provisions;
We will generally oppose all proposals to classify the board;
We will generally vote for all proposals to repeal classified boards and to elect all directors annually; In the event of a contested election, evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and Background to the proxy contest.

Compensation Programs: Votes with respect to compensation plans should be determined on a case-by-case basis.

We will generally vote against equity-based plans where the total dilution is excessive; we will vote against plans that allow companies the ability to re-price underwater options without shareholder approval.
We will vote against plans that issue options with an exercise price below the stocks current market price, or plans that have the ability to issue reload options.
We will generally support the use of employee stock purchase plans provided that shares purchased under the plan are acquired for no less than 85% of their market value.

Shareholder Proposals: Shareholder proposals can be complex and are often of dubious value. We will review shareholder proposals on a case-by-case basis

We will vote for shareholder proposals asking that a majority or more of the directors be independent.

We will vote on a case-by-case basis regarding shareholder proposals requiring that the positions of chairman and CEO be held separately.

We will generally oppose shareholder social and environmental proposals that are of dubious value.

We will generally vote for shareholder proposals asking that the board audit, compensation and/or nominating committees be composed exclusively of independent directors.

We will generally vote for proposals to lower barriers to shareholder action.

We will generally vote for proposals to allow cumulative voting.

We will generally vote for shareholder proposals that require a company to submit its poison pill for shareholder ratification.

Other:

We will vote against any proposal where the proxy materials lack sufficient information upon which to make an informed decision.

We will generally vote against any proposal to create a new class of common stock with superior voting rights.

We will vote any matters not specifically covered by these proxy policies and procedures in the economic best interest of advisory clients.

Centurion Counsel's proxy policies may be amended from time to time.

- A. The adviser does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. The adviser is not required to include a balance sheet for the most recent fiscal year.
- B. The adviser has discretionary authority, but not custody of client funds or securities, or does not solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Because of the discretionary authority, the adviser is required to disclose any financial condition that is reasonably likely to impair the ability to meet contractual commitments to clients. The adviser has no unfavorable financial condition to disclose.
- C. The adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers