

**CENTURION COUNSEL, INC. (CCI)**  
**STRATEGIC ASSET ALLOCATION (SAA) PROGRAM**

**JUNE 15, 2011**

**1282 PACIFIC OAKS PLACE  
ESCONDIDO, CA 92029  
760-471-8536**

**This wrap fee program brochure provides information about the qualifications and business practices of Centurion Counsel, Inc. and the Strategic Asset Allocation Program. If you have any questions about the contents of the brochure, please contact us at 760-471-8536. 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](http://www.adviserinfo.sec.gov).**

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## SERVICES, FEES & COMPENSATION

- A. Centurion offers Strategic Asset Allocation ("SAA"), a comprehensive asset allocation and discretionary portfolio management program for institutional and individual investors. SAA provides portfolio design and implementation on a comprehensive basis.

Centurion manages the SAA program on a discretionary basis for individual portfolios of institutional or individual clients which have specific objectives such as "long-term growth" or "current income".

Generally, Centurion will charge an investment management fee when funds are placed under management and at the beginning of each quarter thereafter. The quarterly fee is based on the fee schedule agreed to by the client, multiplied by the market value of the account at the end of the previous quarter. The investment management fee is usually deducted directly from the client's brokerage account although clients are notified of the amount of the fee and the method of computation. Funds added to an existing SAA account will be charged a pro rata fee. Under the SAA program, Centurion is not compensated on the basis of a share or percentage of the capital gain or appreciation in the client's SAA account.

The SAA maximum\*\* quarterly fee schedule is:

|              |             |       |
|--------------|-------------|-------|
| On the first | \$250,000   | 0.60% |
| On the next  | \$250,000   | 0.55% |
| On the next  | \$500,000   | 0.50% |
| On the next  | \$1,000,000 | 0.40% |
| Thereafter   |             | 0.35% |

\*\*Under certain circumstances, management fees may be negotiated.

Centurion has agreements with various broker/dealers and registered investment advisors ("solicitors") to refer clients to Centurion. The agreements provide that a percentage of the investment fee charged to the client will be paid to the solicitor, as disclosed in the SAA program Agreement.

- B. Participating in a wrap fee program may cost more or less than the cost of purchasing such services separately from the broker or dealer. The benefits under a wrap fee program (SAA) depend, in part, upon the size of the client's account and the number of transactions likely to be generated in the account. For example, wrap fee accounts may not be suitable for accounts with little activity or accounts comprised principally of fixed income securities.
- C. Generally, the client does not pay any securities commissions as they are paid for by Centurion out of the investment management fee. However, an administrative fee is charged on each stock, bond and option transaction. The current administrative fee is \$3.50. In most cases, the broker/dealer executing the purchase and sale of securities will be an affiliated company of Centurion.

Clients may also pay other fees related to and imposed by issuers of certain investments, primarily mutual funds or other direct investments if used to meet the portfolio allocations.

## SERVICES, FEES & COMPENSATION - CONTINUED

If mutual funds are used to meet the portfolio allocations, the client will pay their proportionate share of mutual fund's management and administrative fees and sales charges such as 12b-1 fees, and may incur certain deferred sales charges on previously purchased mutual funds if transferred into the account. Further information regarding charges and fees assessed by a mutual fund is available in the appropriate prospectus. CCI does not receive any portion of these fees.

- D. Centurion Counsel, Inc. receives compensation as a result of the client's participation in a wrap program. Centurion Counsel, Inc. may have a financial incentive to recommend wrap programs over other programs and services.

For California Residents: Subsection (i) of Rule 260.238, California Code of Regulations requires that all investment advisers disclose to their advisory clients that higher or lower fees for comparable services may be available from other sources. Accordingly, The Adviser hereby discloses to clients that similar or same investment services may be available from other sources for higher or lower overall fees.

## **ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

The SAA Program is available for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

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

## **PORTFOLIO MANAGER SELECTION/EVALUATION**

- A. Jack K. Heilbron is the portfolio manager /chief investment officer of all accounts. Mr. Heilbron and his staff, who are employees of CCI, make all of the decisions regarding the purchase or sale of specific securities under both programs. None of the fees paid by clients are paid to third parties for advice regarding purchase or sale of specific securities. Mr. Heilbron and his staff are paid a fixed salary by CCI and do not receive any portion of the fees charged to clients.
- B. Jack K. Heilbron is the sole portfolio manager for the SAA Program, and is also the Chief Executive Officer (CEO) and Chief Investment Officer (CIO) of Centurion Counsel, Inc. (CCI).

## **ADVISORY BUSINESS**

- A. 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.
- B. 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 for the portfolio design. The client, whether institutional or individual, has 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.
- C. The adviser does not participate in a brokerage wrap fee program, but may charge similar fees on adviser-managed accounts.

## **PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

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).

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

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.

## VOTING CLIENT SECURITIES

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](http://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.

## VOTING CLIENT SECURITIES - CONTINUED

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 stock's 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.



## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Jack K. Heilbron is the President and Chief Investment Officer (CIO) of Centurion Counsel, Inc. (sponsor) and the Chief Investment Officer (CIO) of the Strategic Asset Allocation (SAA) program. As such, no second party is involved in the communication of client information.

The positions are reviewed daily by an analyst or the Chief Investment Officer (CIO). Daily reviews determine appropriate levels of cash and successful trade executions. Quarterly, a report is generated that determines whether the account's asset allocation is consistent with its specific design. These reports are reviewed by the CIO to determine if specific securities should be replaced. Any market movement, up or down, will result in an assessment of its impact upon each client's account. Each account is reviewed upon optimization models, on a quarterly basis.

## **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

The client may contact and consult directly with the Chief Investment Officer (CIO) at the address or telephone number on page one.

## ADDITIONAL INFORMATION

- A. 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 (10) years.

The management persons of the adviser are registered as registered representatives and principals of Centurion Institutional Services, Inc., a broker-dealer

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.

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

The adviser does not recommend or select other investment advisers for our clients

## ADDITIONAL INFORMATION –CONTINUED

**B.** Code of Ethics, Participation or Interest in Client Transactions and Personal Trading: 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

Review of Accounts: 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.

## ADDITIONAL INFORMATION –CONTINUED

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.

Client Referrals and Other Compensation: 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.

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:

The Soliciting Agent is:

**Centurion Counsel, Inc.**

1282 Pacific Oaks Place

Escondido, California 92029

Tel: (760) 471-8536

Fax: (760) 471-0399

\_\_\_\_\_  
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 is 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.

## **ADDITIONAL INFORMATION –CONTINUED**

Financial Information: 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.

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.

The adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

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**STRATEGIC ASSET ALLOCATION (SAA) PROGRAM**  
**BROCHURE SUPPLEMENT**  
**JACK K. HEILBRON**  
**STEVEN FOSS**  
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**760-471-8536**

**This brochure supplement provides information about Jack K. Heilbron and Steven Foss that supplements the Centurion Counsel, Inc. brochure. You should have received a copy of that brochure. Please contact the Operations Department at Centurion Counsel, Inc. if you did not receive the Centurion Counsel, Inc. brochure or if you have any questions about the contents of this supplement.**

**Additional information about Jack K. Heilbron and Steven Foss is available on the SEC's website at:**  
**[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



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## **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Jack K. Heilbron (born 1950) graduated with a Bachelor of Science degree in Accounting from California Polytechnic University at San Luis Obispo. Mr. Heilbron presently holds a license for Investment Advisor Representative, General Securities, Registered Securities Principal, Registered Municipal Securities Principal, Registered Options Principal, Equity Trader, Investment Banking, and Research Analyst.

Mr. Heilbron is a founder of CI Holding Group, Inc. and its subsidiaries, including Centurion Counsel, Inc., Centurion Institutional Services, Inc., a registered broker dealer, Bishop-Crown Investment Research, Inc., a due diligence and research company. Mr. Heilbron currently serves as Chief Investment Officer and Chief Executive Officer for Centurion Counsel, Inc.

Mr. Heilbron's background includes: Senior Auditor for the Department of Corporations, State of California, specializing in securities and syndication firms, a registered principal with a New York Stock Exchange firm and a full time due diligence officer for PIM Financial Securities, Inc. Mr. Heilbron was instrumental in the formation of a NYSE listed REIT and subsequently responsible for acquisitions. In addition, Mr. Heilbron has served as an NASD Arbitrator, has been expert witness on securities litigation and is frequently asked to speak publicly on investments.

Steven Foss (born 1965) graduated with a Bachelor of Arts degree in Economics and Business from North Carolina State University. Mr. Foss presently holds a license for Investment Advisor Representative, General Securities, Registered Securities Principal, Registered Options Principal, Equity Trader, Futures Managed Funds and Investment Banking.

Mr. Foss joined Centurion Counsel, Inc. in 2001 as an assistant portfolio manager. Prior to his affiliation with CCI, Mr. Foss was associated with PIM Financial Services, Inc. in various capacities including assistant trader, assistant compliance officer and due diligence officer.

## **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, Mr. Heilbron or Mr. Foss) that have occurred in the previous ten (10) years that require disclosure.

## OTHER BUSINESS ACTIVITIES

Mr. Heilbron and Mr. Foss are registered as registered representatives and principals of Centurion Institutional Services, Inc., a broker-dealer.

Neither Mr. Heilbron nor Mr. Foss is registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or as associated person of any of the foregoing entities.

Mr. Heilbron and Mr. Foss identify the following relationships/arrangements with the related persons listed below:

Broker-dealer- Mr. Heilbron and Mr. Foss are registered with Centurion Institutional Services, Inc. as registered representatives/principals

Investment company – neither Mr. Heilbron nor Mr. Foss has a relationship with such entity

Other investment adviser or financial planner – neither Mr. Heilbron nor Mr. Foss has a relationship with such person/entity

Futures commission merchant, commodity pool operator, or commodity trading adviser – neither Mr. Heilbron nor Mr. Foss has a relationship with such persons

Banking or thrift institution – neither Mr. Heilbron nor Mr. Foss has a relationship with such entities

Accountant or accounting firm – neither Mr. Heilbron nor Mr. Foss has a relationship with such person/entity

Lawyer or law firm – neither Mr. Heilbron nor Mr. Foss has a relationship with such person/entity

Insurance company or agency – neither Mr. Heilbron nor Mr. Foss has a relationship with such entities

Pension consultant – neither Mr. Heilbron nor Mr. Foss has a relationship with such person/entity

Real estate broker or dealer – Mr. Foss is associated with a real estate franchise as a real estate broker

Sponsor or syndicator of limited partnerships – Mr. Heilbron 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

## **ADDITIONAL COMPENSATION**

No economic benefit, including sales awards and other prizes, is provided to either Mr. Heilbron or Mr. Foss, for providing advisory services.

## **SUPERVISION**

All phones are in a common area, and we monitor the advice rendered to clients by walking through the area and listening to conversations with clients. Jennifer Roller, Chief Compliance Officer, (760-471-8536) is the person responsible for monitoring advisory activities on behalf of Centurion Counsel, Inc.