



**Bane Barham and Holloway Assets Management, Inc.**

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## **Form ADV, Part 2A (“Brochure”)**

**Bane Barham & Holloway Assets Management, Inc.**

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This brochure provides information about the qualifications and business practices of Bane Barham & Holloway Assets Management, Inc. (“BB&H”). If you have any questions about the contents of this brochure, please contact us at (503) 582-9500 and/or [bill@bbhmanagement.com](mailto:bill@bbhmanagement.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 BB&H also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Note: The terms “registered” and “registered investment adviser” appear in this brochure. Registration does not imply a certain level of skill or training. BB&H’s level of skill comes from years of experience and study.*

## **Material Changes from the Previous BB&H Brochure**

This Brochure contains no material changes in content from the previous Form ADV other than it is now formatted in the prescribed new SEC format.

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## **Description of BB&H Advisory Business**

### **Ownership of BB&H**

BB&H was formed in 1982 and is a wholly owned subsidiary of Alder Street Management Company which corporation is owned by William G. Barham and Edna M. Barham.

### **Types of Advisory Services and Client Imposed Restrictions**

BB&H provides investment supervisory management services for the following types of investment products:

- Equity Securities, including exchange listed securities, over-the-counter securities, and foreign securities to a limited degree;
- Warrants;
- Bonds, including corporate, municipal, and U.S. government securities; and
- Mutual funds.

BB&H offers a client continuous investment advice including making investment decisions based upon the individual investment needs of a client in accordance with the BB&H "Financial Goals and Investment Temperament Form" or other client questionnaire or statement of policy. Clients may impose restrictions on investing in certain securities or types of securities.

### **Assets under Management**

As of December 22, 2010, Bane Barham & Holloway has a total of \$78,567,345 under management. \$74,758,528 managed on a discretionary basis and \$3,808,817 managed on a non-discretionary basis.

## Fees and Compensation

Fees for advisory services are as follows:

First \$100,000 .....	.5% per quarter (2% annually)
Next \$400,000 .....	.375% per quarter (1.5% annually)
Next \$500,000 .....	.25% per quarter (1% annually)
Over \$1,000,000 .....	.1875% per quarter (.75% annually)

Fees are negotiable and fully disclosed with each Client Investment Advisory Agreement. BB&H may modify its fee schedule prospectively on at least 30 days prior written notice to the client. Fees are paid quarterly, in advance. Fees for new accounts are prorated for the initial calendar quarter. Fees are paid to BB&H by the brokerage firm or custodian maintaining custody of an account from funds in the account. The custodian does not verify the correctness of the fee calculation; it is the responsibility of each client to verify the correctness of the fee and is so stated on each fee notice to each client. A notice of fee invoices will be mailed to each client. The custodian will send a statement no less frequently than quarterly indicating all amounts disbursed from the account including the amount of advisory fees paid to BB&H.

Payment of fees may result in the liquidation of securities if sufficient cash in the account is not available. Fees are charged on funds or securities added to a previously established account during any period at marginal percentage rate using the client's fee schedule and prorated to reflect the number of days remaining in the billing period. If the calculated fee is less than \$100, the fee shall be waived for the remainder of the current billing period.

The net equity of an account is determined for each fee period as of the closing date occurring during the month preceding the fee period. In the case where the closing date is not a regular business day of the New York Stock Exchange, the net equity is computed as of the last prior business day of the New York Exchange. Net equity is calculated by valuing each security held by an account on the basis of the closing price, or if not traded on an exchange the last bid price.

Brokerage commissions, custodial fees and service charges, stock transfer fees, mutual fund management fees and charges, and other similar charges incurred in connection with transactions are not considered part of management fees and will be paid separately from the assets in a client's account.

The current negotiated commission rates for executions processed through Pershing Advisor Solutions ("PAS") are as follows:

Equities:	.01 cent per share with a \$10 minimum;
Bonds:	\$20 per transaction

Additionally, certain other fees may apply to certain accounts or transactions as follows:

Annual IRA Fee	\$35 per year;
Annual 401-K and SEP's	\$50 per year;
Retirement Account Termination Fee	\$75 per retirement account upon closing;
Fed wire fee	\$20 per wire; and
Overnight check	\$13 per check.

Current custodial fees for BB&H's sole pooled investment vehicle are \$1000 annually for the entire pool and \$8 per transaction. These fees are pro-rated and shared by the members of the pool. Additionally, an execution fee of .05 cents per share (\$15 minimum) is charged by Capital Institutional Services, Inc., the executing broker-dealer for the pooled account. BB&H is not accepting new members to the pool.

BB&H will utilize what are known as aggregated or "bunched trades" through Pershing Advisor Solutions. When a purchase or sale of an individual issue is effected for multiple accounts, BB&H will total the amount required and use its best judgment considering market conditions and size, liquidity, and trading volume. These transactions can result in a block trade being executed at different prices and in that case an average price will be used for the multiple accounts even though some of the shares may have been traded higher and lower than the average.

The investment advisory agreement may be terminated at any time by either party by written notice to the other party at their primary address. Client shall receive a refund of all unearned fees prorated as of the date of termination. Each account is subject to a \$50 termination fee

BB&H endeavors to allocate securities purchases and sales so as to not advantage nor disadvantage any client. A random selection process is normally used such as starting at either the beginning, the end or in the middle of the alphabetical list of clients. It is the policy of BB&H when securities are being initially purchased for, or sold from, a client's portfolio, orders for the same securities from BB&H and related person's accounts will be included in the bunched trades if the size and volume is large and the market is liquid, and purchased last and sold last if the market is thin and illiquid so as to not disadvantage clients.

BB&H does not accept performance based fees.

## **Types of Clients**

BB&H provides investment supervisory management services to individuals, financial institutions, pension and profit sharing plans, trusts, estates, corporations and similar organizations including charitable.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Method of Analysis, Sources of Information and Investment Strategies**

BB&H utilizes a fundamental approach to investment analysis. When conducting research in order to identify equities for client portfolios, a primary method used is to set up screens or searches for issues that have desirable basic criteria such as a low price to earnings ratio, a strong balance sheet, a high return on equity, or low price to sales ratios, etc. Many such searches and resulting BB&H selections will have the characteristics of six models chosen to suit the BB&H investment style. Once an investment issue is identified as a potential candidate for further study, BB&H researches the company itself, its industry, its competitive position, and as many relevant factors as possible to determine if the subject issue is suitable for inclusion in one or more BB&H client portfolio types.

### **Investment Strategies**

BB&H offers a client continuous investment advice including making investment decisions based upon the individual investment needs of a client in accordance with the BB&H "Financial Goals and Investment Temperament Form" or other client questionnaire or statement of policy.

The methods BB&H uses to invest money will vary with time frame, size of account, investment objective, and risk tolerance. For accounts of over \$100,000, BB&H will typically invest in individual securities carefully selected to achieve the investment objectives and goals of a client. For accounts from \$25,000 - \$100,000, BB&H may invest in individual securities as well as mutual funds, closed end funds and exchange traded funds (ETF'S).

BB&H may use no-load and closed-end funds, to obtain proper diversification in moderately sized accounts.

For growth oriented accounts it shall be the BB&H goal to purchase quality securities when they are bargain priced and have a favorable long-term outlook. When market prices rise to the level of full valuation, the company shall be considered a candidate to be replaced with a more attractively priced issue. This process is generally long term however; there are some occasions when a price increase can occur quickly, realizing profits in a shorter term (less than a year).

When the account is designated as Conservative Growth, Defensive, or Fixed Income, it will have an allocation of bonds or fixed-income type investments. When this component is \$100,000 or larger, individual bonds, preferred stock, or convertible securities usually will be included in the account. When the component of fixed income is under \$100,000, BB&H may use bond funds, closed-end income funds, unit investment trusts, or other income-producing funds.

BB&H believes quality to be the first consideration in selecting bonds and income-producing investments. BB&H also looks for situations where there can be an increase in the value of the issues as well as a safe income. For example, BB&H searches for investments that may have improving credit qualities or convertible securities issued by growing companies that could become more valuable in the future.

**Client Risk**

Past performance of any security is not indicative of future results. Investments in the securities markets are subject to market fluctuation and financial risk, which may include loss of capital.



## **Disciplinary Information**

BB&H is not and has never been subject to any disciplinary action by the SEC or any state.

## **Other Financial Industry Affiliations**

BB&H has a contractual relationship with and effects the majority of its brokerage transactions through Pershing Advisor Solutions, a registered broker-dealer and member FINRA and SIPC. Pershing Advisor Solutions (“PAS”) is an affiliate of Bank of New York Mellon and of Pershing LLC (“Pershing”). Pershing LLC acts as custodian for accounts whose orders are effected through PAS. Pershing is a registered broker-dealer, member FINRA, NYSE, MSRB, and SIPC.

BB&H also has a contractual relationship with West Coast Trust for custodial services and transaction executions related solely to BB&H’s pooled investment account. In turn, West Coast Trust transactions are facilitated through Capital Institutional Services, Inc. (“CAPIS”). CAPIS is a registered broker/dealer and member of NYSE, FINRA and SIPC. BB&H does not maintain a direct relationship with CAPIS.

# Code of Ethics, Participation in Client Transactions and Personal Trading

## Code of Ethics

A Code of Ethics (the “Code”) has been established by BB&H in compliance with SEC Rule 204A-1 under the Investment Adviser’s Act of 1940 to establish “best practices” and create the highest standards of ethical conduct supporting BB&H’s fiduciary responsibility to its clients. The Code is designed to and requires that BB&H and its personnel:

- > Promote honest and ethical conduct, including the ethical handling of actual or perceived conflicts of interest between personal and professional relationships;
- > Effect full, fair, accurate, timely, and understandable disclosures in reports and documents that are provided to clients or filed or submitted to the U.S. Securities and Exchange Commission (“SEC”), state securities regulators, and in other public communications made by BB&H;
- > Never place the personal interests of BB&H or its employees, improperly, before the interests of clients;
- > Comply with the Compliance policy of BB&H;
- > Comply with applicable federal and state laws, rules, and regulations;
- > Promptly report any known or perceived violations of the Code.

The Code memorializes BB&H’s commitment to ethical conduct premised on fundamental principles of openness, integrity, honesty, and trust. BB&H is further committed to not only live up to the letter of the law but also the ideals stated within this Code and to actively work with its Associated Persons to always do the right thing and act in the client’s best interest.

Material Nonpublic Information - Under its Code, the protection of material nonpublic information is most important to BB&H and the BB&H Code of Ethics establishes the fact that the improper use of material nonpublic information for an employee’s own gain is not only unethical and in fact, illegal. The BB&H Code prohibits the improper use or dissemination of material nonpublic information regarding the business of BB&H, its securities recommendations, and client securities holdings and recommendations.

Securities Trading of BB&H Personnel - The BB&H Code calls for the reporting of all personal securities transactions to BB&H management and for the careful review of personal securities transactions by BBH management. Additionally, the BB&H Code requires that employees seek the permission of the BB&H President to engage in certain types of investments where a potential conflict of interest may exist.

Reporting and Accountability - The Code of Ethics of BB&H establishes a clear responsibility for employees to fully adhere to the Code and to immediately report perceived or real violations of the Code to the President

Confidentiality - Confidentiality is essential to the operations of BB&H and the BB&H Code of Ethics establishes an adamant prohibition regarding the inappropriate disclosure of client and business information to inappropriate persons.

Questions about the BB&H Code of Ethics may be directed to the President at (503) 582-9500.

**BB&H does not recommend to clients nor buy or sell from clients any securities in which it maintains a material financial interest.**

**Participation or Interest in Client Transactions – BB&H may buy the same securities as recommended to clients.**

BB&H and its employees may invest funds in the same securities as it recommends to clients or that may be held in a client account. BB&H will not cause any purchase or sale for its own portfolio to be made to or from a client account.

It is the policy of BB&H that when securities are being initially purchased for, or sold from, a client's portfolio, orders for the same securities from BB&H and its employee's accounts will be included in aggregated trades if the size and volume is large and the market is liquid, and purchased last and sold last if the market is thin and illiquid so as to not disadvantage clients. Neither BB&H nor its staff will trade ahead of a client.

## **Brokerage Practices**

### **Directed Brokerage**

Generally speaking, BB&H transactions for its non-pooled accounts are executed through PAS. BB&H has negotiated what it believes to be favorable execution rates with PAS. Under FINRA and SEC rules, PAS has an obligation to seek the best execution possible for BB&H clients. BB&H routinely tests executions by PAS to ensure that executions are, in fact, the best available. Not all advisers require their clients to direct brokerage and it may be possible to achieve lower rates than those provided by PAS.

### **Aggregation of Client Purchases and Sales**

In an effort to achieve the best possible price for clients and to not negatively impact the market price, BB&H will utilize what are known as aggregated or “bunched trades” through Pershing Advisor Solutions. When a purchase or sale of an individual issue is effected for multiple accounts, BB&H will total the amount required and use its best judgment considering market conditions and size, liquidity, and trading volume. These transactions can result in a block trade being executed at different prices and in that case an average price will be used for the multiple accounts even though some of the shares may have been traded higher and lower than the average. Generally speaking, BB&H strives by aggregating transactions to achieve prices that are more favorable for the client than the average daily price for the same issue.

## **Review of Accounts**

William G. Barham, President of BB&H reviews all accounts on a monthly basis. Additional or more frequent reviews may occur depending on factors such as market volatility, type of investment, amount invested, client specifications, or unique political or economic circumstances. Reviews take into account among other things continued client suitability, obtaining client investment goals, compliance with client risk tolerance, investment performance and liquidity issues. Monthly reviews include:

Monthly client portfolio reports with cost basis and market values; and

- Monthly newsletter, items of interest and company news

Additionally, annual tax information and account history is reviewed for all accounts.

## **Client Referrals and Other Compensation**

BB&H does not provide investment advice or other advisory services to any party who is not a client of BB&H.

BB&H does not compensate any party for referrals of business.

## **Custody**

Qualified custodians utilized by BB&H, whether selected by BB&H or the client will provide quarterly statements directly to the client. BB&H urges the client to carefully review statements provided by custodians.

In addition to qualified custodians, BB&H will provide quarterly statement to each client. BB&H urges its clients to carefully compare the BB&H statement to the statement provided by the qualified custodian.

## **Investment Discretion**

Clients shall grant BB&H with full power and authority to purchase or sell stocks, bonds and other securities and to execute all related transactions to purchases and sales of securities without the client's approval, unless specifically directed otherwise in writing by the client. Discretionary authority shall include the exercise of any voting or consent rights pertaining to any assets held in the clients account.

Discretionary authority shall be authorized by the client through the execution of the BB&H Limited Power of Attorney Form (Schedule B) located in the BB&H Investment Advisory Agreement.

Discretionary payments from a client's account to BB&H are limited to the fees listed on schedule C of the BB&H Client Investment Advisory Agreement.

Except to the extent the Client directs otherwise, BB&H will use its discretion in recommending a broker or dealer and in effecting transactions in securities and all transactions related to the purchase and sale of securities.

## **Voting Client Securities**

BB&H has established the policy, through its advisory agreement that it will vote proxies on behalf of the client with few exceptions.

BB&H shall only vote proxies in the best interest of the client. In the unlikely event that a potential conflict of interest may exist, BB&H will forward the proxy to the client for voting. BB&H does not maintain an affiliation with any product sponsor, issuer, or custodian.

BB&H keeps a record of proxy votes and will furnish voting details of specific situations to a subject client upon request.

## **Executive Officers and Management Persons**

### **William G. Barham, President and Chief Compliance Officer**

Mr. Barham has been employed by BB&H since June 30, 1982. In his securities career, Mr. Barham passed the Series 7, 24, 27, 53, 55, 63, and 65 securities qualification examinations. From 1974 until 2009, Mr. Barham was President of Daugherty Cole, a (former and affiliated) registered broker-dealer. Mr. Barham's securities experience began in 1970. Mr. Barham studied business at Lewis and Clark College, Southern Oregon College and Portland State University.

### **Edna M. Barham, Secretary-Treasurer**

Ms. Barham has been registered with BB&H since 1983 and secretary-treasurer since 2000. In her securities career, Ms. Barham passed the Series 7, 24, 63 & 65 securities qualification examinations. In 1983, Ms. Barham registered with Daugherty Cole a (former and affiliated) registered broker-dealer. In 2000, Ms. Barham became secretary-treasurer of Daugherty Cole until its closure in 2009. Ms. Barham's securities experience began in 1969. Ms. Barham has completed various specialized training courses associated with her employment.