

Bane Barham & Holloway Assets Management, Inc.

Brochure / Form ADV, Part 2

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This Brochure is Dated, May 21, 2012

This Brochure (Form ADV, Part 2) 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 or bill@bbhmanagement.com. The information in this brochure has not been approved or verified by any state securities authority.

When a client signs a BB&H Investment Advisory Agreement they acknowledge receipt of this current Brochure (Form ADV Part 2). Unless the client receives this form at least 48 hours prior to signing the Investment Advisory Agreement, the client shall have 5 business days in which to terminate the agreement without penalty.

Additional information about BB&H also is available on the Investment Adviser Public Disclosure (IAPD) website:

<http://.adviserinfo.sec.gov/IAPD/Content/Search/iapd.Search.aspx>

Bane Barham and Holloway Assets Management, Inc CRD # 110337

William Barham CRD # 12438

Edna Barham CRD # 1220604

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Material Changes from the Previous BB&H Brochure

This Brochure has been updated May 21, 2012 with the following material changes:

The recently passed Dodd-Frank Act requires investment advisers with less than \$100 million of assets under management to switch registration from the Securities and Exchange Commission (SEC) to each state in which they conduct business. Bane Barham & Holloway falls into this category and is completing the various state securities registration requirements for Oregon, Washington and California. The deadline for state registration and SEC withdrawal is June 28, 2012.

The following was added to the section, Cover Page and Contact Information, Page 1:

When a client signs a BB&H Investment Advisory Agreement they acknowledge receipt of this current Brochure (Form ADV Part 2). Unless the client receives this form at least 48 hours prior to signing the Investment Advisory Agreement, the client shall have 5 business days in which to terminate the agreement without penalty.

The following was added to the section, Fees and Compensation, page 5:

Fees for Fixed Income accounts will usually be quoted at lower rates, typically one half the above schedules. Fees are negotiable and due to account size, servicing requirements and other factors may be quoted at a fixed percentage rate or a different tiered schedule. Fees for BB&H clients currently range from 2% to .375% per year.

The following was added to the section, Fees and Compensation, page 6:

The investment advisory agreement will terminate automatically if it is assigned by BB&H without prior written consent of client.

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Description of BB&H Advisory Business

Ownership of BB&H

BB&H was formed in 1982 and is wholly owned by Alder Street Management Company, which is owned jointly 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 March 7, 2012, Bane Barham & Holloway has a total of \$76,312,007 under management. \$72,409,440 managed on a discretionary basis and \$3,902,567 managed on a non-discretionary basis.

Fees and Compensation

BB&H receives fees based upon the net equity of each individual account or accounts combined for fee purposes, calculated in accordance with the fee schedule agreed upon by the client and BB&H. BB&H's Standard Fee Schedule is the tiered rate schedule shown below.

First \$100,0005%	per quarter (2% annually)
Next \$400,000375%	per quarter (1.5% annually)
Next \$500,00025%	per quarter (1% annually)
Over \$1,000,0001875%	per quarter (.75% annually)

Fees for Fixed Income accounts will usually be quoted at lower rates, typically one half the above schedules. Fees are negotiable and due to account size, servicing requirements and other factors may be quoted at a fixed percentage rate or a different tiered schedule. Fees for BB&H clients currently range from 2% to .375% per year.

Fees are 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. Any fee modification must be agreed to by Client and a replacement fee schedule signed by 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 agreed upon fee schedule and prorated to reflect the number of days remaining in the billing period. If the calculated fee is less than \$100.00, 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 calculated as of the last prior business day of the New York Exchange. The 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.

The investment advisory agreement will terminate automatically if it is assigned by BB&H without prior written consent of client.

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 within 15 business days of all unearned fees prorated as of the date of termination. Each account is subject to a \$50 termination fee.

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 (1 cent) per share with a \$10.00 minimum;

Bonds: \$20.00 per transaction

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

Annual IRA Fee \$35.00 per year;

Annual 401-K and SEP's \$50.00 per year;

Retirement Account Termination Fee \$75.00 per retirement account upon closing;

Fed wire fee \$20.00 per wire; and

Overnight check \$13.00 per check.

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 purchased higher and lower than the average.

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 that 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.

Performance Based Fees and Side-by-Side Management

BB&H does not accept performance based fee accounts, consequently BB&H does not have Side-by-Side management accounts.

Types of Clients

BB&H provides investment supervisory management services to individuals, financial institutions, pension and profit sharing plans, trusts, estates, and charitable organizations. BB&H does not have a stated minimum dollar amount requirement to open or maintain a Client account.

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, rapid growth rate etc. and are selling at what appears to be a bargain price. 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. Research information utilized are SEC filings, research reports, news articles, business publications, company news and earnings projections as well as growth projections of Wall Street analysts.

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.

BB&H manages client accounts with the following designations and objectives.

ENT- Enterprising. Objective is growth. The account can be invested up to 100% in equities at the adviser’s discretion, when the adviser believes enough suitable issues are available at attractive prices.

CGX- Conservative Growth. Objective is growth of capital augmented by interest or dividends from income securities. The account will have a percentage of equities and a percentage of income securities. Percentages will be determined by the Adviser, can be changed depending on market conditions, interest rate levels, and levels of equity prices. Typically the income percentage will vary from 10% to 50%. Equity securities will often pay dividends and be selected from larger, established companies.

DEF- Defensive. Account will have both equities and income securities. Objective is stability and preservation of capital, while still having exposure to equities. Typically the income percentage allocation will be at least 50%, and can go to 75% of the portfolio.

FIX- Fixed Income. Objective is income. Account will be invested mostly in fixed income, bonds, Preferred stocks, bond and income funds. On occasion a small percentage could be invested in income generating equities. Objective is preservation of capital and reasonable income without undue risk.

Mutual Funds:

FDE- Fund Enterprising. Same as ENT above using Mutual Funds

FDC- Fund Conservative Growth. Same as CGX above using Mutual Funds

FDD-Fund Defensive. Same as DEF above using Mutual Funds.

FDX-Fund Fixed Income. Same as FIX above using Mutual Funds.

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 is 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.

Risk of Loss

Some investments the Adviser recommends may prove to be unprofitable. 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.

Some of the risks involved include:

Market Risk; the movement in security prices due to factors that affect the entire market such as national disasters, terrorist activities etc. Stock and bond markets are both affected by rising and falling prices based on economic conditions. Falling stock prices usually precede recessions. Falling bond prices result from rising interest rates usually caused by inflation and or Federal Reserve and Central Banks interest rate policy. Rising stock prices usually occur during times of economic recovery and boom times. Rising bond market prices occur during periods of declining interest rates and inflation expectations.

Inflation and Interest Rate Risk; when inflation is a threat or high, investors will in affect demand higher interest on their investments pushing rates higher. This can cause bond prices to decline. The longer the maturity of the bond the more the principal value can decline. Inflation and high interest rate can also be adverse for stocks as costs of all nature for business will increase causing lower profits or even losses for companies. Dividends can be reduced and or eliminated which also can cause stock prices to drop.

Business Risk; when making investments in public companies (stocks) there is always the possibility of business reversals, losses and even failure of the business. In these cases the market value of the stock can decline or become worthless. In general the performance of individual stocks will perform over the longer term in line with performance of business results.

Credit and Default Risk; investing in low quality bonds, or holding bonds in companies when ratings by National rating services like Moody's, S&P and Fitch, have been lowered can result in large market value declines. A default on bonds is even worse as the investor is usually facing a bankruptcy situation with a long holding period ahead and an unknown recovery amount.

Political Risk; Governments have enormous powers to affect the economy and business. Legislation can affect entire industries or companies changing their fortunes for better or worse. War and threats of war cause markets to become panicky and create nervous selling. Investors can become cautious and worried ahead of political election time preferring to sell and wait out results causing market declines.

Liquidity Risk; investments are considered liquid if they can be easily sold and turned into cash. In certain situations such as a market crash, credit crunch or if stock markets are closed in an emergency, issues may not be able to be sold or the market prices may be sharply lower, whereby selling would create an undesirable loss.

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.

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 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 with 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 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 same securities as recommended to clients.

BB&H and its employees may invest funds in the same securities as is 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 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.

BB&H will allow clients to direct brokerage to TD Ameritrade and Charles Schwab and may allow clients to direct brokerage to additional broker-dealers. However BB&H may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may result in higher commissions due to the fact that BB&H may not be able to negotiate rates or aggregate orders to reduce transaction costs and the client may receive less favorable prices.

Aggregation of Client Purchases

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 purchased higher and lower than the average. Generally speaking, prices achieved on aggregated client purchases are less 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 sale 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 be paid to BB&H are limited to the agreed upon Fee Schedule C of the BB&H 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. Where potential conflicts of interest may exist, BB&H will forward the proxy to the client for voting.

A conflict of interest could exist in either of the following examples:

- Where BB&H has an affiliation with an issuer, sponsor, or custodian (however, BB&H maintains no such affiliations); and
- Where there is a potential for financial benefit to BB&H such as voting for higher fees and sharing in those fees.

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

Financial Information

State securities registration of an adviser requires the delivery of a current year balance sheet if the adviser requires prepayment of more than \$500 per client, six months or more in advance. BB&H does require prepayment of fees for one quarter in advance, therefore is not subject to this requirement.

Requirements for State-Registered Advisers

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. Mr. Barham holds the Series 7, 24, 27, 53, 55, 63, and 65 Securities Qualification Examinations and 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. Ms. Barham holds the Series 7, 63 & 65 securities qualification designations. 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.

Farrell K. LaMetterey

Ms. LaMetterey is a registered adviser representative and has been employed by BB&H since 1997. Ms. LaMetterey graduated from Western Oregon University in 1995 with a B.S. in Business. Ms. LaMetterey performs various clerical and account information responsibilities and is not involved with client contact or making investment recommendations.

Other Business Activities

Bane Barham & Holloway Investment Advisors, Inc., its principals and employees are not actively engaged in any outside business activities.