

Berthel Schutter LLC

Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Berthel Schutter LLC ("Berthel Schutter"). If you have any questions about the contents of this brochure, please contact us at 651-228-0750 or at mail@berthelschutter.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Berthel Schutter also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Berthel Schutter's brochure contains no material changes since its last annual update, which was dated March 29, 2011.

To request a copy of Berthel Schutter's brochure, contact Debra Beltrand, Office Manager at 651-228-0750 or mail@berthelschutter.com.

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Item 4 Advisory Business

Berthel Schutter was founded in July, 1998 by the principals of the firm and provides investment consulting, education and training services to fiduciaries of employee benefit plans, corporations, endowments, foundations, and other for-profit and not-for-profit entities, as well as individuals and family entities.

Berthel Schutter's services include the following:

Investment Policy and Strategy

Berthel Schutter advises clients on the formulation of investment policy and strategy and the implementation and periodic review thereof, as appropriate. In working with clients to formulate such policy and strategy, Berthel Schutter considers the long-term needs of the client based upon the nature of, and expected cash flows relating to, its obligations. Berthel Schutter also drafts investment policy statements for client's review and approval. Such statement typically includes a percentage asset allocation range by major asset class and limitations on the types of investments to be made by the client.

In general, Berthel Schutter will not recommend investing in specific securities. However, in connection with a client's asset allocation plan, Berthel Schutter will identify upon client request commingled vehicles such as mutual funds, exchange traded funds ("ETFs"), collective trusts or separate account managers that are compatible with the client's investment objectives, risk tolerances and other criteria. In addition, Berthel Schutter may from time to time advise clients with respect to specific securities in the client's portfolio.

Selection of Mutual Funds or Investment Managers

Berthel Schutter assists fiduciaries and other persons with authority over portfolio decisions in the selection of appropriate mutual funds or investment managers by identifying categories of mutual funds or investment managers that are compatible with the client's investment objectives, risk tolerances and other client criteria. The names of the mutual funds or investment managers provided by Berthel Schutter to employee benefit plan and other clients will be determined on an engagement-by-engagement basis based on input received from the client and other information.

Due Diligence

Berthel Schutter also interviews and performs due diligence with respect to potential investment managers and mutual funds and provides information to assist plan fiduciaries and clients in evaluations, negotiations and other matters regarding appropriate management fees or commission rates. In addition, at the request of a client, Berthel Schutter reviews the plan's portfolio for compliance with the plan's investment guidelines and compares the investment

manager's or mutual fund's performance to appropriate market indices or other benchmarks as agreed upon with the client (such as the performance of other investment managers or mutual funds). Berthel Schutter also reports on material changes relating to the investment manager (*e.g.*, changes in key personnel, investment style, *etc.*).

Investment Adviser and Broker-Dealer Recommendations

If a client desires to create a portfolio consisting of specific traded securities, rather than mutual funds, Berthel Schutter provides the client with the names of investment advisers from which the client may choose. Similarly, if the client wishes to effect mutual fund purchases and sales, Berthel Schutter will provide the names of bank custodians or broker-dealers for the client to consider.

Rule 12b-1 Distribution Fee Counseling

Berthel Schutter provides education about how a portion of such fees may be able to be recovered by an employee benefit plan client to reduce its overall expenses. Any recovery of Rule 12b-1 distribution fees would be deposited directly into the plan's trust fund and none would be remitted to Berthel Schutter. Berthel Schutter does not receive any Rule 12b-1 distribution fees paid by mutual funds.

Periodic Reviews of Asset Allocation Plans

Berthel Schutter also (a) reviews client's asset allocation plan on a quarterly, semi-annual or annual basis and analyzes whether it continues to meet a client's investment objectives, risk tolerances and other client criteria and/or (b) compares the performance of a client's portfolio to benchmarks agreed upon with that client. In the case of a client who implements his or her asset allocation plan by selecting mutual funds, such benchmarks will consist of the performance of other mutual funds in the same category and/or one or more appropriate market indices agreed upon with the client. If a client chooses to implement the plan through an investment manager, Berthel Schutter compares the investment manager's performance to the performance of other investment managers and/or one or more appropriate market indices agreed upon with the client. Berthel Schutter may also act as a sub-adviser with respect to certain client accounts.

Special Projects

In addition to the services described above, Berthel Schutter assists clients with special projects requested by clients from time to time.

Educational Services

Berthel Schutter can also offer seminars and other educational services to help clients educate their employees. Berthel Schutter may also make these services available directly to other persons

Owners

Berthel Schutter is 100% employee owned. 40% is owned by Diane Berthel, 40% is owned by Diana Schutter and 20% is owned by Michael Hoeschen.

Item 5 Fees and Compensation

Berthel Schutter's fees are agreed upon and negotiated in advance with the client. The client will pay either a fixed fee, an asset-based fee or, with respect to an existing client with a special project, an hourly fee. Fixed fees and hourly fees will be determined on a case-by-case basis, depending on the size of the investment portfolio, the number and nature of the projects covered by the engagement, geographic and staffing arrangements and other factors. Asset-based fees will be calculated as a percentage of the total value of the client's investment portfolio at the beginning of the engagement and, thereafter, at the beginning of each calendar quarter.

Fees charged to the Berthel Schutter's clients will be billed. Billing is typically on a quarterly or semi-annual basis in arrears as fees are incurred or upon completion of the engagement.

To the extent clients follow our recommendations and hire third party managers or invest directly in securities, clients will pay additional fees and expenses, such as advisory fees to such managers, custodial fees to the custodian of client assets, the fees and expenses mutual funds charge to all of their shareholders, and brokerage and other transaction costs related to transactions in securities.

The form requires us to refer you to Item 12 below concerning our brokerage practices. However, as a consulting firm we do not trade securities for client accounts.

Item 6 Performance-Based Fees and Side-by-Side Management

Berthel Schutter does not charge performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). As a result, Berthel Schutter has no conflicts of interest between accounts that pay fixed, asset-based or hourly fees and accounts that pay performance-based fees (known as "side-by-side management").

Item 7 Types of Clients

Berthel Schutter provides investment consulting, education and training services to fiduciaries of employee benefit plans, corporations, endowments, foundations, and other for-profit and not-for-profit entities, as well as individuals and family entities.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

In the case of defined contribution plans, Berthel Schutter assists clients in developing an investment policy statement that describes the investment categories of the plan and criteria for the selection and retention of investment funds. To determine what investment categories to offer in the plan, Berthel Schutter considers the plan's demographics, the historical and expected return and risk of the investment options and the diversification benefit based on historical and expected correlation.

In the case of foundation, pension plan, individual, or other institutional clients, Berthel Schutter assists in developing an investment policy statement that describes a target asset allocation and criteria for the selection and retention of investment funds.

Berthel Schutter uses the following criteria for the selection and retention of investment funds: historical performance, risk-adjusted performance, consistency of performance, investment style consistency, management strength, and fees associated with the investment.

To determine the recommended asset allocation, Berthel Schutter considers expected cash flows, liability funding requirements, the investment time horizon, liquidity needs and risk tolerance. Berthel Schutter also develops expected return, risk and correlation assumptions for a broad range of asset classes.

Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. As with any investment, there can be no assurance that a client will achieve its investment objective or that a client will not lose a portion or all of its investment. Certain material risks relating to the advice and recommendations made by Berthel Schutter are set forth below, but this section does not attempt to identify every risk, or to describe completely those risks it does identify.

Market Risk. The market values of the securities in which a client invests may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its

assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Asset Allocation Risk. Asset Allocation may have a more significant effect on account value when one of the more heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Management Risk. This is the risk that the investment managers Berthel Schutter recommends will not successfully execute a strategy even after applying its investment process. There can be no guarantee that an investment manager's decisions will produce the intended result, and there can be no assurance that its investment strategy will succeed.

Item 9 Disciplinary Information

Berthel Schutter is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Berthel Schutter or the integrity of Berthel Schutter's management. Berthel Schutter has no such legal or disciplinary information to disclose.

Item 10 Other Financial Industry Activities and Affiliations

This Item requires disclosure of whether Berthel Schutter engages in other financial services activities or has certain types of affiliates that do so. Berthel Schutter does not engage in such activities and it has no affiliates.

Berthel Schutter recommends other investment advisers for its clients. However, Berthel Schutter does not receive compensation directly or indirectly from those advisers or otherwise maintain other business relationships with such advisers.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Berthel Schutter has adopted a Code of Ethics (the "Code") which sets forth the standards of business, fiduciary and ethical conduct we require of our employees. Among other things, the Code requires employees to comply with all applicable federal securities laws, prohibits misuse of material non-public information, including client information, and regulates personal securities trading. The Code requires certain employees to periodically submit, and the Chief

Compliance Officer to review, their securities holdings and transactions. The Code also prohibits giving or receiving of gifts or entertainment of more than nominal value. Employees are required to report any violations to the Chief Compliance Officer who is responsible for administering and enforcing the Code. The Code also provides for a range of sanctions that may be applied to employees who violate the Code.

Berthel Schutter employees may trade for their own accounts in securities which are recommended to Berthel Schutter's clients. Because Berthel Schutter permits such personal trading, this creates the conflict that employees could use their knowledge of recommended client transactions in an attempt to benefit their own personal transactions. To address conflicts related to personal trading, the Code requires employee reporting of personal securities transactions and the Chief Compliance Officer to review such reports.

A copy of Berthel Schutter's Code of Ethics is available upon request by contacting Debra Beltrand, Office Manager at 651-228-0750 or mail@berthelschutter.com.

Item 12 Brokerage Practices

Berthel Schutter does not select broker-dealers for client transactions. If a client wishes to effect mutual fund purchases and sales, Berthel Schutter will provide the names of broker-dealers for the client to consider.

Berthel Schutter generally recommends that broker-dealers provide clients with institutional transaction charges, consolidated reporting, duplicate monthly statements and special access to some mutual funds, including lower sales charges than for direct purchases and lower minimum purchase amounts. These benefits are afforded to Berthel Schutter clients because Berthel Schutter participates in certain programs available in general to financial advisers by these broker-dealers. The primary considerations in recommending broker-dealers are the services and the institutional commissions rates provided to the client.

Item 13 Review of Accounts

Berthel Schutter provides clients with investment consulting services which address subjects such as goal setting, investment strategies, the impact of investment strategies on taxes and cash flows. Berthel Schutter's personnel compile analyses of securities portfolios managed by third party investment managers. These analyses include a listing and valuation of portfolio securities, performance analysis (including both risk and return) and other portfolio characteristics. Each analysis is reviewed by at least two principals or analysts for compliance with quantitative and qualitative standards set forth in the client's investment policies. These reviews take place periodically at intervals agreed on with the client. In general, a client

account will be reviewed by a principal at least annually. Reviews may also be triggered by client requests, market events, changes in client needs, and other events. In some cases, Berthel Schutter may be engaged to perform a one-time review for a client.

In connection with its investment consulting services, employee benefit plan and other institutional consulting services, Berthel Schutter may provide written reports to clients. The nature and frequency of such reports depends upon the nature and terms of the engagement with the client. For example, reports may be provided quarterly or semi-annually and include information regarding the value of client's investments, performance comparisons, and an analysis of fees paid.

Item 14 Client Referrals and Other Compensation

We have retained no third parties to refer clients to us. We do not receive any economic benefits from non-clients (*e.g.* broker-dealers, custodians or mutual fund companies), in connection with the advisory services we provide clients. Our only source of revenue is the fees we receive from clients.

Item 15 Custody

As a matter of policy and practice, Berthel Schutter does not accept or maintain custody of client assets. It is our policy that we will not accept, hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them, including direct debiting of advisory fees. Berthel Schutter will not intentionally take custody of client cash or securities.

Item 16 Investment Discretion

Berthel Schutter does not accept discretionary authority to manage security accounts on behalf of our clients.

Item 17 Voting Client Securities

Berthel Schutter does not have authority to vote client securities. If clients do not delegate voting proxies to any third party investment manager they hire, they should ensure they receive proxies or other solicitations from their custodian or transfer agent.

Item 18 Financial Information

Each registered investment adviser is required to disclose whether it has any financial condition that could impair its ability to meet its contractual commitments to its clients, and whether it has been the subject of a bankruptcy proceeding. Berthel Schutter does not have any adverse financial conditions to disclose and has never been the subject of a bankruptcy proceeding.

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