

ASSET ADVISORS, LLC

CLIENT BROCHURE

This brochure provides information about the qualifications and business practices of Asset Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 649-4759 or via email directly to Carl Gill, Managing Member and Chief Compliance Officer at carl@assetadvisorsllc.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities regulator.

Additional information about Asset Advisors, LLC. is available on the SEC's website at www.Advisorinfo.sec.gov.

Asset Advisors' CRD number is: 118108

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Registration does not imply a certain level of skill or training.

Version Date 4/18/2011

ITEM 2: MATERIAL CHANGES

This Form ADV 2 represents the April 2011 disclosure document prepared by Asset Advisors, LLC ("*Asset Advisors*" or "*Advisor*") in conjunction with the following:

1. Asset Advisor's fiscal year end filing amendment;
2. The Advisor's transition to the newly required Form ADV Part 2 brochures;
3. Asset Advisor's registration transition from the United States Securities and Exchange Commission ("*SEC*") to the State of Michigan's Office of Financial and Insurance Regulation. The Advisor has also filed registrations in various non-resident states, as required.

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**ADV 2B Brochure(s) follow the ADV 2A Brochure*

ITEM 4: ADVISORY BUSINESS

A. DESCRIPTION OF THE ADVISORY FIRM.

Asset Advisors, LLC, (“Asset Advisors”, or “Advisor”), has been a Registered Investment Advisor since 1999.

The Adviser was initially registered with the State of Michigan. It transitioned its registration to the United States Securities and Exchange Commission in 2002. In April 2011, Asset Advisors transitioned its registration to the State of Michigan. The Advisor is currently regulated by Michigan’s Office of Financial and Insurance Regulation. The Advisor’s services are also available to residents of other states where the Advisor is registered or is exempt from registration.

Asset Advisors is an independently owned fee-based investment advisory practice founded by Carl Gill, its Managing Member and Chief Compliance Officer. Mr. Gill is 100% owner of the Advisor. Carl Gill has worked in various capacities in the financial services industry and this experience dates back to 1984.

Asset Advisors has offices in Troy and Rochester Hills in Michigan. The Advisor is headquartered in Troy, MI.

B. TYPES OF ADVISORY SERVICES

Asset Advisors, LLC (“Asset Advisors” or “Advisor”) offers professional *fee-based* investment advisory services. The term “fee-based” means that Asset Advisors is compensated only in the form of investment advisory fees paid by clients. Depending upon the nature of services desired, the Advisor offers its services on a fee basis which may include fixed fees as well as fees based upon the amount of assets under the Advisor’s management as described on the following pages.

While not the primary focus of their business, Advisory Representatives of the Advisor are also Registered Representatives of an unaffiliated broker/dealer firm. Advisory Representatives may offer securities brokerage services under a commission arrangement.

Advisory Representatives are also independently licensed as insurance agents. Insurance products are available to clients for personal, estate and business needs. This activity accounts for approximately 5-10% of Advisory Representatives’ time. Clients are welcome but are never under any obligation to purchase insurance products recommended by licensed representatives. For clients of Asset Advisors who do purchase such products causing commissions to be generated, such commissions are paid to the licensed representative by insurance companies.

Asset Advisors is not a broker/dealer or a custodial firm. Therefore Asset Advisors does not execute securities transactions or custody assets. Any transactions in securities will be executed by an unaffiliated custodial firm of clients’ choosing.

Advisory Business (continued)

Asset Advisors' services are primarily provided to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations or other business entities and occasionally to associations or groups. This ADV 2A Brochure provides disclosure relating to the Advisor's services, fees, and other material information. The accompanying ADV 2B Brochure provides information about Asset Advisors' Advisory Representative(s). Please read these Brochures carefully and if questions should arise, please contact Carl Gill, Managing Member and Chief Compliance Officer of Asset Advisors.

Asset Advisors offers the following services:

1. **Investment Management Services** which provide ongoing portfolio management with continuous advice and recommendations.
2. Services related to the **Selection of Independent Managers**.
3. **Classic Service** - For ongoing services in connection with **401(k) investment management**.
4. Ongoing investment management to investors interested in **Stock Trading Services**.
5. **Financial Planning Services** which can be comprehensive in nature or provide for assistance with various components of financial planning. The Advisor's Financial Planning Services are not ongoing in nature and terminate upon the conclusion of services.

Asset Advisors is committed to helping its clients build, manage, and preserve their wealth, and to provide assistance in helping clients to achieve their stated financial goals. Asset Advisors may offer a complimentary initial consultation to discuss services available, to give a prospective client the opportunity to review services desired, and to determine the possibility of a potential Client-Advisor relationship. Services begin only after the client and Advisor formalize the relationship with a properly executed Client Agreement.

After the formal engagement, the Advisor and client will share in a data gathering and discovery process in an effort to determine the client's needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Advisor may complete an investment policy statement or similar document.

1. Investment Management Services are ongoing in nature and provide for continuous advice and management services. In the delivery of initial and ongoing services, the Advisor will include a review of the overall aspects of a client's current financial situation and consider both long and short-term objectives, or as directed by the client. The Advisor can also tailor services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement.

Asset Advisors welcomes the opportunity to provide individualized services. However, where investment management services or information are limited, clients must understand that comprehensive investment needs and or objectives may not be

Advisory Business
(continued)

fully considered due to the client's option not to receive limited services, the lack of information received, and/or limited client disclosure or participation.

After an analysis and data-gathering process and depending upon the nature of services desired, Asset Advisors may prepare reviews, analysis, asset allocation recommendations, and may recommend specific investments.

Asset Advisors can prepare an evaluation of existing portfolio investments and provide recommendations for other investments as deemed appropriate. The Advisor will typically recommend investments in mutual funds, index funds, exchange traded funds, individual equities, U.S. government securities, bonds, and other fixed-income securities. The Advisor may also assist with other investments of interest to the client. While the Advisor may offer advice on partnership investments, the services provided in connection with private investments (if applicable) are limited to consultation regarding the investment opportunity and a review of the offering documents versus the management of partnership investments, unless agreed to in writing. Depending on the needs of a client, the Advisor may also evaluate or offer advice on insurance and annuities. The Advisor will attempt to construct a diversified portfolio of investments that are within its realm of expertise.

Asset Advisors will seek to allocate the client's assets among various investments, taking into consideration the overall management style selected by the client. The Advisor may utilize its own pre-designed model for the portfolio or custom design one specifically. However, in every case clients receive individualized advice.

Once the portfolio has been implemented or transferred for services, Asset Advisors can provide continuous monitoring, recommendations and investment advice as outlined in the engagement for services.

Where an existing portfolio has been designed by the client or another party, Asset Advisors can provide recommendations for ongoing management; re-design, adjustments or re-balancing.

The Advisor may agree to provide a general consultation regarding any other investment product that may be held by the client at the start of the advisory relationship but will not manage these investments unless specifically noted in the Client Agreement (Addendum or Exhibit).

Services and investment recommendations in connection with assets invested in corporate retirement plans are limited to those offered within the plan and via the plan's contracted service providers.

The ongoing Investment Management Services provided are individualized and therefore based upon the client's stated unique individual needs. Clients are expected to play an active role. The Advisor requires the client to participate in the development of an investment policy (or similar document), the development and updates of the investment strategies and the investment reviews.

Advisory Business

(continued)

As described in this Brochure, clients can delegate limited discretionary authority to the Advisor, if desired. In providing these ongoing services, Asset Advisors will seek to manage investor funds in accordance with an investment policy/plan as selected by the client and the Advisor. The Advisor will provide ongoing monitoring of the portfolio in accordance with the directives provided. Internal portfolio reviews will occur no less than quarterly. The Advisor will also remain available for ongoing advice, consultations and recommendations.

During the course of the engagement, clients may call the office at any time during business hours to discuss their portfolio. The Advisor recommends that clients initiate a meeting (either telephonically or in person) with the Advisor no less than annually. *However, clients are obligated to immediately inform the Advisor of any changes in their financial situation to provide the Advisor with the opportunity to review the selected investment strategies to ensure they continue to be structured to help meet the client's stated needs and objectives.*

Certain clients may desire to place or keep certain assets within their account(s) that are selected by client and are not the subjects of investment advice by Advisor. These are "self-directed" assets. The Advisor will have no responsibility to manage any "self-directed" assets in client accounts and the Advisor accepts no liability to those clients in connection with any loss relating to the "self-directed" assets. In such cases, the Advisor has/will not pass on the suitability of self-directed assets. Should the Advisor ever assist clients with self-directed implementation it may do so only as a value-added service at the client's request. The Advisor will therefore not manage this facet of the client's portfolio unless specifically agreed in writing.

2. Selection of Other Advisors. When deemed appropriate and of interest to the client, Asset Advisors may recommend the services of one or more third-party investment managers ("*Independent Managers*") that may offer investment programs designed to help clients meet their goals and objectives. Often these Independent Managers have access to institutional investment programs without the usual account size requirements.

Asset Advisors may recommend that certain clients authorize the active discretionary management of all or a portion of their assets by independent investment manager(s) either directly or through a wrap fee program ("*Independent Manager(s)*"), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the Independent Manager(s) shall be set forth in separate written agreements between (1) the client and the Advisor and (2) the client and the designated Independent Manager(s) and/or wrap fee program sponsor. Asset Advisors shall continue to render advisory services to the client relative to the ongoing monitoring of investments.

Factors that Asset Advisors will generally consider in recommending Independent Manager(s) include the client's stated investment objective(s), the Manager's style of management, performance, reputation, financial strength, reporting, pricing, and research. Asset Advisors is limited to utilizing only service providers approved for

Advisory Business
(continued)

use its unaffiliated supervising broker/dealer.

The Investment Management fees charged by the designated Independent Manager(s), together with the fees charged by a wrap fee program sponsor (if applicable) and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Asset Advisor's Investment Management fee set forth herein.

In addition to Asset Advisor's ADV Part 2A and applicable 2B brochures, clients can expect to receive the written disclosure statements of the designated Independent Manager(s) and wrap fee program sponsor (if applicable) as required by securities rules and regulations. These disclosure documents provide disclosures pertaining to the Independent Managers' programs, services and fees. Clients are welcome but are never obligated to utilize any Independent Manager that may be recommended.

Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than the Advisor. In such instances, the Advisor may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

The selected Independent Manager is responsible for portfolio management, portfolio reporting services, best execution review, quarterly reporting, trade error resolution, custodial reconciliations, and implementation of trades within their respective programs.

3. Classic Services – 401(k) Accounts. Asset Advisors' Classic Services is an investment management service designed for clients who have 401(k) assets that are invested in programs with restrictive policies such as those that have funds that must be held for substantial time periods (to avoid penalties).

The Classic Service provides for consultation, guidance and ongoing investment management of 401(k) assets via quarterly rebalancing, selection and portfolio adjustments. The Advisor does not provide services in connection with company stock holdings. This Classic Service can be provided on either a discretionary or non-discretionary basis, whereby clients are notified by email, phone, or other communication prior to the execution of transactions.

In terms of the Classic Services, clients enter into an Agreement for services directly with Asset Advisors and in doing so, engage the Advisor without the endorsement of the plan sponsor and/or its affiliates. During the term of services, Asset Advisors will rely on financial information provided by the client in formulating investment recommendations relating to this portion of their portfolio. The Advisor's recommendations as to investments and service providers are limited to the options available under the retirement plan.

Advisory Business
(continued)

4. Asset Advisors also provides a **Stock Trading Service** whereby the Advisor can provide Investment Management Services utilizing the active and frequent trading of stocks on a discretionary basis (with client authorization). In formulating its advice and recommendations, the Advisor utilizes the client's stated goals and objectives to formulate a strategy in an effort to take advantage of the normal and frequent fluctuations inherent in most stocks.

Recommendations generally pertain to stocks of established companies (vs. start-up or "penny stocks"). Therefore, Asset Advisors concentrates on U.S. Stocks traded on U.S. Exchanges and some American Depository Receipts (ADRs).

In general, these managed stock accounts will attempt to be "fully" invested, but diversified. Accounts ranging from \$25,000 to \$100,000 will normally maintain a 10% cash reserve to take advantage of conditions whereby purchasing may be undertaken. Cycles can change in a few days to a few weeks, with rare instances of a buy and a sell occurring within 24 hours. This service does not utilize a long-term buy and hold strategy. Account reviews are actively managed and reviews usually occur as frequently as daily.

The Stock Trading strategy may not be appropriate for every investor. This strategy is generally more appropriate for a market-savvy investor as it may generate both short term and long term gains or losses. Investors who seek a trading strategy should be able to withstand a loss of their investment (in whole or in part). The advisory fees for this service are higher than the Advisor's fees associated with other services. Fees for this service may be higher than may otherwise be available in the industry for similar services.

5. Financial Planning Services. Asset Advisors is available to provide Financial Planning Services on a project basis. These services can focus on income, cash flow, retirement preparation and planning, IRA reviews, college funding, estate planning, securities investments, non-securities investments, risk management issues and various other components of Financial Planning that may be identified by the client.

Financial Planning Services generally utilize long-term strategies so that continuous monitoring is not required. Services can be tailored as requested by the client and can focus on various components or can be comprehensive in nature, as desired by the client. However, when Financial Planning Services only focus on certain areas of client interests, needs, or is otherwise limited, clients must understand that a client's overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on the Advisor's services.

Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax advisor, legal counsel, or other professionals for expert opinions. When providing plan-related services, the advice and recommendations are limited to plan offerings.

Advisory Business
(continued)

The advice provided by the Advisor during Financial Planning Services may include recommendations for updates and reviews but any additional or future services are can be retained at the client's discretion.

Implementation of any advice or recommendations in connection with Financial Planning Services, in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

6. Asset Advisors provides a complimentary **Newsletter** which covers various topics pertaining to general financial and investment issues. The frequency of the newsletter may vary but will generally involve quarterly issues. Clients and prospective clients are welcome to subscribe or unsubscribe to the Advisor's newsletter at any time.

7. Asset Advisors may conduct general **Educational Workshops and Seminars** for companies and individuals. The content of presentations may include general information relating to investment management, financial planning, retirement plans, insurance strategies, college funding, estate and retirement preparation and planning topics. Asset Advisors normally offers these workshops/seminars on a complimentary basis. For more focused presentations, the Advisor may charge a fee. When fees are associated with presentations, they generally are nominal as needed to cover expenses (such as materials). Alternatively, services provided to corporations or other businesses may be more involved and the fees for these services may also include the materials as well as the presenter's time and expertise. In such cases, the fee, cancellation and refund policy is outlined in the invitation, offering circular or Agreement.

The Advisor's general Educational Workshops and Seminars do not provide individualized advice or services. Attendees are welcome but are never under any obligation to engage Asset Advisors for individualized services.

C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS

Asset Advisors recognizes that each client is unique and therefore the Advisor focuses on providing individualized services. The Advisor can tailor services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement. However, where client services or information are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

The Advisor and client will share in a data gathering and discovery process in an effort to determine the client's stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and depending upon the nature of services requested. The client and Advisor may complete a risk assessment, investment policy statement or similar document,

Advisory Business
(continued)

depending upon the nature of services to be provided.

Clients are welcome to set parameters on the Advisor's limited discretionary authority in writing as to types of investments and amounts purchased or sold. Clients may also impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs (*i.e.*, no tobacco, liquor, gambling, etc.), if agreed by the Adviser in writing. In such cases, these directives will be set forth in writing in the client's Investment Policy Statement or similar document.

Where clients retain authority to implement recommendations, they are welcome to do so in whole or in part via the financial services provider(s) of their choice.

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Advisor may consult with its clients about the options and ramifications of transferring securities when provided pre-notification of the client's intentions. In such cases, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (*i.e.* contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets on notice to the Advisor, subject to the usual and customary securities settlement procedures. The Advisor reserve the right to terminate services based upon withdrawals since Asset Advisors normally designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

Clients may choose to make self-directed securities transactions which are investments that are not reviewed and/or not recommended by the Advisor. In such cases, the Advisor has not passed on the suitability of said investments and while the Advisor may assist with client-directed implementation as a value-added service at the client's request, the Advisor will not manage these types of investments unless agreed in writing.

D. WRAP FEE PROGRAMS

Asset Advisors does not sponsor or manage a wrap fee program. As previously disclosed in Item 4.B(2), Asset Advisors may recommend other investment programs, including wrap fee programs offered by unaffiliated Independent Managers, to certain clients. Clients are welcome but are never obligated to use any service provider the Advisor may recommend. As discussed at Item 4.B(2), clients utilizing these programs may incur additional fees other than those charged by the Advisor. These fees include, but may not be limited to, fees charged by the designated Independent Manager(s), wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian. These fees are disclosed in the applicable program's written disclosure documents.

Advisory Business
(continued)

E. AMOUNTS OF ASSETS UNDER MANAGEMENT

Asset Advisors' managed assets as reported in the Advisor's April 2011 ADV Part IA are: \$26,839,839 million.

**ITEM 5: FEES, COMPENSATION
AND TERMINATION OF SERVICES**

A. FEE SCHEDULES

Asset Advisors is only compensated for advisory services in the following manner: A percentage of assets under management or fixed fees. The Advisor's fees associated with each of its services are as follows:

1. Advisory fees for Investment Management Services. Advisory fees for Investment Management Services are agreed upon at the time of engagement and range between 1% and 1.5% annually.

The Investment Management fee for portfolios valued up to \$1,000,000 is 1.5% annually. The fee for portfolios valued over \$1,000,000 and up to \$1,500,000 is 1.25% annually. The fee for portfolios valued over \$1,500,000 is 1% annually. Husband and wife accounts will be aggregated.

Fees may be modified in particular situations, depending upon the size of the portfolio and the complexity or scope of services, additional resources required and at the discretion of the Advisor. Investment Management fees are clearly outlined and agreed to in the Advisor's Client agreement.

Investment Management fees are payable quarterly and in advance at a rate equal to one quarter of the annual percentage multiplied by the billable balance on the last trading day of the calendar quarter. For this purpose "billable balance" means the value of the client's portfolio as of the last day of the relevant quarter, adjusted daily to prorate additions and withdrawals during the quarter. The billable balance (or market value) of a client's portfolio is determined by the client's selected custodial firm. A pro-rata advisory fee is calculated for services initiated at any time other than at the beginning of a calendar quarter.

In the rare case where there is an absence of a portfolio value (via the custodial firm), the Advisor and the client will utilize an independent third party to assess the value of the particular holding.

The Advisor reserves the right to re-evaluate fees at anytime through the engagement and where fees are scheduled to increase due to changes in services, complexities, additional consultation needs, or other reasons, the Advisor will provide 30 days notice to the client. Clients are welcome to terminate services at any time.

**FEES, COMPENSATION AND
TERMINATION OF SERVICES**
(continued)

The Advisor may also agree to provide pro bono or discounted services for family members, certain pre-existing relationships, charitable organizations or at the discretion of the Advisor.

In the event the client should request additional services outside the scope of the Investment Management Agreement, such as Financial Planning Services, additional fees may apply. The Advisor would notify the client when additional fees will apply, before engaging in these efforts.

Investment Management Services are ongoing until terminated by either party. A client may terminate any advisory agreement for Investment Management services without penalty (full refund or no fees due) within 5 business days of signing the Agreement if the Advisor's ADV Part 2 was not delivered at least 48 hours prior to engagement. Alternatively, either party may terminate the agreement by providing written notice to the other. If termination occurs prior to the end of a billing period, the Advisor will promptly refund the prepaid but unearned portion of advisory fees.

2. Selection of Independent Managers. Fees associated with the unaffiliated Independent Managers are based upon the assets under management within the Independent Manager's investment or wrap fee program. The investment management fees charged by the designated *Independent Manager(s)*, together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, the Advisor's investment advisory fee set forth above. Clients incur additional fees than those charged by the Advisor, the designated *Independent Manager(s)*, wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian.

Asset Advisors shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance for which the Advisor shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s). This fee shall be set forth in the agreement between the Independent Manager and Asset Advisors and the agreement the client executes with the Independent Manager and Asset Advisors.

The market value of the portfolio is determined by the custodial firm holding the assets. The Advisor's fee shall be invoiced quarterly in advance or arrears as coordinated through the Client's selected Independent Manager. The Advisor's fee for its services may therefore be: a) deducted via the qualified custodian and paid directly to the Advisor; or b) shall be paid to the Advisor by the Independent Manager after the Independent Manager deducts its portion of management fees.

Either party may terminate the agreement for Investment Management Services associated with the investments within these management programs by written notice to the other(s) as outlined in the program's client agreement.

**FEES, COMPENSATION AND
TERMINATION OF SERVICES**
(continued)

- 3. Classic Service – 401(k) Accounts.** The **Classic Service fee** for discretionary clients varies according to the client's asset bracket, and is payable quarterly and in advance. The advisory fee chart is listed below. Additionally, for non-discretionary clients, a \$500 fee is imposed annually, which is payable quarterly and in advance. A client who is introduced by their spouse will receive a \$50 discount for this service. Some accounts do not allow advisory fee deductions and therefore must be paid directly (out of the client's personal assets). Therefore fees are paid directly (out of the client's personal assets) or the client can authorize (in writing) the fee deduction from another managed account. :

Assets Min	Assets Max	Single Fee	Spouse Fee
\$0.00	\$10,000.00	\$200.00	\$150.00
\$10,001.00	\$20,000.00	\$300.00	\$250.00
\$20,001.00	\$200,000.00	\$400.00	\$350.00
\$200,001.00	\$250,000.00	\$500.00	\$450.00
\$250,001.00	\$300,000.00	\$600.00	\$550.00
\$300,001.00	\$350,000.00	\$650.00	\$600.00
\$350,001.00	\$400,000.00	\$700.00	\$650.00
\$400,001.00	\$450,000.00	\$750.00	\$700.00
\$450,001.00	\$500,000.00	\$800.00	\$750.00
\$500,001.00	\$550,000.00	\$850.00	\$800.00
\$550,001.00	\$600,000.00	\$900.00	\$850.00
\$600,001.00	\$650,000.00	\$950.00	\$900.00
\$650,001.00	\$700,000.00	\$1,000.00	\$950.00
\$700,001.00	\$750,000.00	\$1,050.00	\$1,000.00
\$750,001.00	\$800,000.00	\$1,100.00	\$1,050.00
\$800,001.00	\$850,000.00	\$1,150.00	\$1,100.00
\$850,001.00	\$900,000.00	\$1,200.00	\$1,150.00
\$900,001.00	\$950,000.00	\$1,250.00	\$1,200.00
\$950,001.00	\$999,999,999.00	\$1,300.00	\$1,250.00

The Advisor reserves the right to re-evaluate fees at anytime during an engagement due to complexities, changes in services, additional consultation needs, or other reasons. In these cases, the Advisor will provide 30 days notice to the client and the client is welcome to terminate services at any time.

The Advisor's 401(k) Classic Services are ongoing until terminated by either party. A client may terminate any advisory agreement without penalty (full refund or no fees due) within 5 business days of signing the Agreement if the Advisor's ADV Part 2 was not delivered at least 48 hours prior to engagement. Alternatively, either party

**FEES, COMPENSATION AND
TERMINATION OF SERVICES**
(continued)

may terminate the agreement by providing written notice to the other. If termination occurs prior to the end of a billing period, the Advisor will promptly refund the prepaid but unearned portion of advisory fees.

4. Stock Trading Service. Asset Advisors' fees the Stock Trading Service are calculated at an annual rate of 3% of the assets under management, billed quarterly (0.75%) and in advance. As with the Advisor's regular Investment Management Services, the fee is calculated each quarter on the portfolio's "billable balance" (the value of the client's portfolio as of the last day of the relevant quarter, adjusted daily to prorate additions and withdrawals during the quarter). The billable balance (or market value) of a client's portfolio is determined by the client's selected custodial firm. A pro-rata advisory fee is calculated for services initiated at any time other than at the beginning of a calendar quarter. The advisory fees for this service are higher than the Advisor's fees associated with other services. Fees for this service may be higher than may otherwise be available in the industry for similar services.

The Advisor reserves the right to re-evaluate fees at anytime through the engagement and where fees are scheduled to increase due to changes in services, complexities, additional consultation needs, or other reasons, the Advisor will provide 30 days notice to the client. Clients are welcome to terminate services at any time.

The Stock Trading Service is ongoing until terminated by either party. A client may terminate any advisory agreement without penalty (full refund or no fees due) within 5 business days of signing the Agreement if the Advisor's ADV Part 2 was not delivered at least 48 hours prior to engagement. Alternatively, either party may terminate the agreement by providing written notice to the other. If termination occurs prior to the end of a billing period, the Advisor will promptly refund the prepaid but unearned portion of advisory fees.

5. Fees for Financial Planning Services are determined at the time of engagement and based upon the client's assets in addition to the nature and complexity of the proposed services. The Advisor's minimum fee is \$1500. The minimum fee can normally provide for plan development that can cover such topics as: Basic cash flow, risk assessment, income projections, tax efficiency and review, tactical asset allocation, and a review of diversification needs. The fee associated with a comprehensive written plan focusing on estate planning issues will be as follows:

<u>Assets</u>	<u>Planning Fee</u>
Less than \$500,000	\$1500
\$500,000 - \$1,000,000	\$3500
\$1,000,001 - \$2,000,000	\$7500
Over \$2,000,000	Negotiable

Fees may be modified, depending upon the complexity of services, resources required, net worth issues, complexity and scope of services, and at the determination of the Advisor. Financial Planning fees are determined at the time of engagement and clearly outlined in the Client Agreement.

FEES, COMPENSATION AND TERMINATION OF SERVICES

(continued)

Fees for Plans will generally be due and payable in upon delivery of the Plan. For larger projects, the Advisor may request a retainer equal to ½ the total fee, payable upon engagement, with the balance due upon the delivery of the Plan. If client circumstances or objectives change such that a new investment plan is required, there may be an additional charge. The Advisor will not engage in services that involve additional fees before notifying the client.

Financial Planning Services can be terminated by either party within 5 business days of engagement if the ADV Part 2A is not delivered at least 48 hours prior to engagement. Alternatively, services can be terminated prior to conclusion upon receipt of written notice. In such cases, the Advisor will promptly return a refund for any prepaid but unused project retainer or will prepare an invoice for services and time incurred up until the effective date of termination. Financial Planning Services otherwise terminate upon the conclusion of services. These services are not ongoing in nature and thus do not provide for ongoing advice, assistance or reviews unless the Advisor is re-engaged for follow-up services at a later date.

6. The Asset Advisor's **Newsletter Service** is complimentary for prospective and current clients.

7. General Education Workshops and Seminars. Asset Advisors may provide these services on a complimentary basis or for more focused presentations, the Advisor may charge a fee. When fees are associated with presentations, they generally are nominal fixed fees as needed to cover expenses. Alternatively, services provided to corporations/businesses may be more involved and the fees for these services may also include the presenter's time and expertise, materials and other costs for which the Advisor may quote a fixed fee. In each case, any fixed fee will be agreed upon at engagement. Where fees apply, the total fee, the cancellation and refund policy, and any other material information is outlined in the invitation, offering circular or client agreement.

B. PAYMENT OF FEES

Unless otherwise agreed in writing, fees for **Investment Management Services, Classic Service – for 401(k) Accounts** and **Stock Trading Services** are payable quarterly and in advance of services. Payment of these management fees may be made directly to the Advisor or through a debit directly to the client's account by the qualified custodian holding the client's funds and securities. The Advisor follows the following criteria when payment is made via a qualified custodian as required by the State of Michigan's Uniform Securities Act of 2002:

1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent qualified custodian and the authorization is limited to withdrawing contractually agreed upon Investment Advisor fees; (2) The client will directly receive regular (monthly or quarterly) reports from the qualified custodian which reflect the Advisor's fee deductions; (3) The frequency of fee

FEES, COMPENSATION AND TERMINATION OF SERVICES

(continued)

withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Advisor's access to the account and; (5) At least 7 days prior to each proposed deduction the Advisor will send a written statement to the client, by no less than first class mail, which will detail the Advisor's fee calculation and the Advisor's contact information should the client have questions; (6) The client shall be able to terminate the written billing authorization or agreement at any time.

While Asset Advisors takes care to ensure that fees are properly calculated, it is important to note that custodial firms do not verify advisory fees. Therefore, clients should review their custodial statements carefully. If a client should have any questions or concerns in connection with an advisory fee deduction, they should promptly contact the Advisor.

If at any time during the engagement, the client fails to receive the regular statements produced by the custodian, it is important for the client to promptly notify Asset Advisors and the custodial firm.

If the designated account(s) do not contain sufficient funds to pay advisory fees, the client can leave standing orders to deduct fees via other accounts. In the absence of alternate instructions, the Advisor will issue an invoice for advisory fees to the client and payment is expected with 10 days of the invoice date.

Fees associated with the **Selection of Independent Managers** are payable quarterly in arrears or advance as outlined in the Agreement for services executed between the client and the Independent Manager. Payment to the Advisor of Investment Management fees within these programs is implemented through custodial deductions and as outlined in Item 1 in this section. In such cases, the payment of Investment Management fees is coordinated entirely by the Independent Manager and the Manager ensures the Advisor receives its proper portion of the fees associated with its services.

Fees associated with **Financial Planning Services** are invoiced directly to the client.

There are no fees associated with the Advisor's complimentary **Newsletter**.

General Education Workshops and Seminars are normally complimentary. When a fee is involved it is invoiced directly to the client.

C. CLIENTS ARE RESPONSIBLE FOR FEES ASSOCIATED WITH INVESTING

Clients are responsible for the payment of all third party fees associated with investing. Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("*Financial Institution[s]*") as well as any fees associated with their particular accounts (e.g., account opening, maintenance,

FEES, COMPENSATION AND TERMINATION OF SERVICES

(continued)

transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, oddlot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

The fees noted herein represent fees for advisory services only. Clients may pay transaction and brokerage commission to their broker/dealer as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, cash wire transfer, retirement plan, trust fees, and all such applicable third party fees). All fees paid to the Advisor for advisory services are separate from the fees and expenses charged to shareholders of ETF's or mutual fund shares by mutual fund companies or by the investment Advisor managing a portfolio. If a mutual fund previously purchased by or selected by a client should impose a sales charge, a client may pay an initial or deferred sales charge. A complete explanation of the expenses charged by a mutual fund is contained in the respective mutual fund prospectus.

Clients are encouraged to read each fund prospectus and securities offering document before investing. Clients should read all disclosure documents before investing. The Advisor's fee is also separate and in addition to any fees charged by unaffiliated Independent Managers or wrap fee programs that may be recommended.

As previously disclosed, portfolio additions may be in cash or securities provided the Advisor reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Advisor may consult with its clients about the options and ramifications of transferring securities. However, clients are hereby advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

D. PREPAYMENT OF FEES

Asset Advisors collects fees in advance for its **Investment Management Services**, the **Classic Service – 401(k) Accounts** and its **Stock Trading Services**.

Fees associated with the investment management services provided via **Independent Managers** will be charged in accordance with the contract for services the client will execute with the Independent Manager and may be charged quarterly in advance or arrears.

Asset Advisors generally will require a pre-paid retainer for **Financial Planning Services** unless otherwise agreed upon at the time of engagement. If services are terminated prior to conclusion, the Advisor will return a refund of unearned fees or will invoice the client for services provided up until the effective date of termination.

**FEES, COMPENSATION
AND TERMINATION OF SERVICES**
(continued)

As previously noted, there are no fees associated with the Advisor's **Newsletter Services**. The Advisor's **General Education Workshops or Seminars** are normally complimentary, but any agreed upon fee for materials, expenses and effort associated with entity-based or other presentations will be invoiced in advance or arrears of services as agreed upon in writing. In such cases, the terms of termination associated refunds will also be agreed upon in writing.

E. OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS TO CLIENTS

Asset Advisors is a *fee-based* Registered Investment Advisor. Asset Advisors is only compensated in the form of advisory fees charged to clients.

The Advisory Representatives of Asset Advisors are dually registered as Registered Representatives of an unaffiliated broker/dealer firm. As such, representatives acting in this capacity accept commissions associated with the recommendation of securities including asset-based sales charges or service fees from the sale of mutual funds.

In certain instances, the Advisory Representatives of Asset Advisors who are Registered Representatives may receive a portion of 12(b)(1) fees which may be paid in respect of any type of mutual funds and a portion of the front end or deferred sales charges on load mutual funds as described in the prospectus for such funds. Clients may also bear certain charges imposed by third parties other than Asset Advisors in connection with investments made through their accounts, including but not limited to transaction fees to broker/dealers, servicing fees, and IRA or Qualified Retirement Plan fees. Fees may be higher or lower than fees charged by other investment advisors for similar services.

Advisory Representatives of Asset Advisors are also independently licensed insurance agents appointed with various insurance companies and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. The time spent on this outside business activity may vary throughout the year but may entail approximately 5-10% of the Advisory Representatives' time.

Insurance products may be recommended to clients to minimize clients' exposure to identified risks and to meet personal and/or business needs. Clients are welcome but are never under any obligation to purchase insurance products recommended or utilize any company that may be recommended. When clients purchase insurance, licensed insurance agents receive normal commissions paid by insurance companies. Clients are welcome to utilize the insurance provider of their choice and can implement recommendations in whole or in part, entirely at their discretion.

**FEES, COMPENSATION
AND TERMINATION OF SERVICES**
(continued)

The Adviser will not undertake a review or provide recommendations on issues relating to property and/or casualty insurance. Since these coverages are important, clients should seek the services of a licensed property and casualty firm.

**ITEM 6: PERFORMANCE-BASED FEES
AND SIDE-BY-SIDE MANAGEMENT**

Asset Advisors' fees associated with its services are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). The fees noted herein represent fees for advisory services only.

**ITEM 7: TYPES OF CLIENTS
AND MINIMUM CONDITIONS**

Asset Advisors is available to provide advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations and business entities.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), the Advisor acknowledges that Advisor is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Advisor and the Advisor's principals, agents, and employees under those insured under that bond and will deliver to the Advisor a copy of the governing plan documents. If the Account assets for which the Advisor provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

Asset Advisors generally requests a minimum account size of \$100,000 for its Investment Management Services. The Advisor requests a minimum account size of \$10,000 for clients utilizing the Advisors Stock Trading Service and the Classic Service. Account size is negotiable at the discretion of the Advisor and may be based upon individual circumstances.

Financial Planning Services require a minimum fee of \$1500 for a basic plan.

**ITEM 7: TYPES OF CLIENTS
AND MINIMUM CONDITIONS**

(Continued)

Asset Advisors reserves the right to waive its minimums for family members, staff members, pre-existing relationships, charitable organizations or religious foundations, or where special circumstances may exist, at the discretion of the Advisor.

Recommended Independent Managers may impose minimum standards for accounts or fees as outlined in their program disclosures.

The Advisor reserves the right to decline to provide advisory services to any person or firm in its sole discretion and for any reason.

**ITEM 8: METHOD OF ANALYSIS, INVESTMENT
STRATEGIES AND RISK OF LOSS**

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Advisor understands that each client presents a unique set of goals, values, interests, objectives, time horizons and challenges. Asset Advisors provides individualized services to its clients. The Advisor can provide advisory services for portfolios ranging from conservative to moderately aggressive, each designed to meet the varying needs of and within the direction set forth by the investors. The Advisor selects the portfolio or Independent Manager(s)' program(s) best suited to their individual needs after clients have defined their objectives, risk tolerance and time horizons and the selection is approved by the client.

The Advisor attempts to measure an investor's risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor's profile. Client participation and the client's delivery of accurate and complete information are critical to the Advisor's process. Investment strategies may be based upon a number of concepts and determined by the type of investor, based upon information provided to the Advisor. Services are customized for each individual client. Please reference disclosure relating to each type of services available at Item 1.D of this Schedule. The Advisor's security analysis methods are based on the Advisor's research and the belief in "Efficient Market Theory" and "Strategic Asset Allocation".

The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) is generally in the forefront of the Advisor's strategies. At its heart, asset allocation seeks to achieve an efficient diversification of assets, to help lessen risk while not undermining the effectiveness of the portfolio in order to yield the Client's objectives. Since Asset Advisors believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Advisor's overall approach in preparing advice for clients.

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

In terms of its Stock Trading Services, the Advisor utilizes its stock research, monitoring and selection criteria to identify potential stock investments. In general, Asset Advisors concentrates on U.S. Stocks traded on U.S. Exchanges and some American Depository Receipts (ADRs). In general, these stock accounts will attempt to be “fully” invested, but diversified.

The Advisor may utilize one or more of the following methods of analysis. However, Asset Advisors takes the position that *no single strategy can be relied upon to attempt to outperform the market.*

1. Fundamental Analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated.

Very broadly described, this type of analysis involves a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is the primary analysis method used but Technical Analysis is used alongside Fundamental Analysis to help assist appropriate timing of entering and exiting securities.

Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives:

- to conduct a company stock valuation and predict its probable price evolution,
- to make a projection on its business performance,
- to evaluate its management and make internal business decisions,
- to calculate its credit risk.

METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (continued)

2. Charting. Charting is a discipline of security analysis to help predict price changes by studying historical data, primarily price and volume. The analyst will then utilize data gathered from the graphing of market variables, especially of stock prices and market averages. Analysts also chart other variables including commodity prices, interest rates, and trading volume in an attempt to determine trends and project future values

4. Technical Analysis is a method of evaluating securities by analyzing the statistics generated by market activity, such as past prices and volume. Generally speaking, technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

The field of technical analysis is based on three assumptions:

1. The market discounts everything.
2. Price moves in trends.
3. History tends to repeat itself.

This type of analysis can be broadly described as a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. It is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Technical analysts lean towards the belief that the historical performance of stocks and markets are likely indications of future performance.

4. Cyclical Analysis is a method that generally looks at cycles that can impact that market, depending upon the type of securities. This analysis method takes into consideration that there are cyclical and noncyclical securities.

Cyclical stocks are stocks that follow the general economic environment. The automotive industry is a prime example of a cyclical sector. Cyclical stocks do well in times of economic prosperity and generally suffer greater during times of economic recession or hardship.

Conversely, health care stocks are an excellent example of non-cyclical stocks as there will always be a need for health care, regardless of the economic situation. These stocks typically have consistent profits, rather than spikes.

Historically, the difference between cyclical and noncyclical stocks has been cash flow. The cash flow of cyclical stocks is affected by the movement of the economy in general. A major category of cyclical stocks is retail consumer products. When the market swings up, cyclical stocks make big upward swings and when it swings down, they move way down. Their movement is widely followed as indicators of the overall health of the economy. However, some cyclical companies attempt to alleviate the impact of cyclical changes by diversifying their product line, expanding to overseas markets and segmenting a cyclical division out to its own stock symbol. Additionally, technology has

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

minimized the impact of cyclical organizations.

Noncyclical stocks are less affected by a downturn in the economy. Referred to as "defensive industries," they are the types of goods that are purchased regardless of the economy. These may include food, insurance and drugs. Analysts attempt to use their knowledge about the cyclical nature of certain industries to predict revenues, interpret earnings reports and make judgments about the overall financial health of a company.

Generally speaking, the stock prices of cyclical companies tend to increase when analysts predict positive news about the future of the economy. If investors feel the market is moving up, cyclical stocks may offer growth opportunities. If they feel the market is moving down, noncyclical stocks may provide stability.

5. Other. Asset Advisors' investment strategies may be based upon a number of concepts and determined by the type of investor. Services are customized for each individual client. The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. Small cap stocks; corporate bonds vs. government securities), certainly has a great deal of acceptance in the professional investment community. At its heart, asset allocation seeks to achieve the most efficient diversification of assets, to help lessen risk while not sacrificing the effectiveness of the portfolio in an effort to yield the client's objectives.

Since Asset Advisors believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Advisor's overall approach in preparing advice for its Investment Management clients.

Asset Advisors also takes the position that clients should consider developments in the global economy, shifts in domestic markets and indicators that signal key opportunities on which to take action. When the Advisor is engaged for the delivery of long-term Investment Management Services, Asset Advisors communicates with its clients on a regular basis to make sure that critically important information is communicated properly.

Portfolio holdings or recommendations are generally judged by (managers' or investments') experience, track record and performance of like-kind investments. The Advisor will actively manage each portfolio. Asset Advisors looks to the long-term when developing advice and recommendations based upon information provided by the client. Investors should expect to remain fully invested within the ranges of their selected asset allocation plan at all times unless restated by the client or as determined between the Advisor and the client.

While already stated herein, it is critically important that the client promptly notifies the Advisor of any change in the client's financial condition so the Advisor has the opportunity to assess any possible changes needed in the advice, recommendations or investment strategies. Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

investment holdings within the portfolio.

Typically, sales of investments result in taxable gain(s) or loss(es) to the Client. While the Advisor makes every effort to consider tax consequences, transactions in investments may cause taxable gain(s) or loss(es) to the client. Clients must understand that Asset Advisors does not render tax advice and is not responsible for the tax consequences to the Client as a result of account transactions. Clients are encouraged to consult their tax advisor about tax consequences as a result of transactions or any particular investment held in their account.

Independent Managers who may provide services to the Advisor's clients are responsible for providing investment management, portfolio reporting, best execution and trade error correction within their respective programs.

In certain situations, the Advisor may assist clients who wish to more actively trade securities. In such cases, the Client and Advisor may devise various strategies in order to generate short-term gains. Short-term investment strategies may not be appropriate for every investor. The Advisor reserves the right to decline to offer services to any investor and for any reason and investors interested in the short-term strategies should be able to sustain a possible total loss of investment.

In terms of its Stock Trading Services, the Advisor utilizes its stock research, monitoring and selection criteria to identify potential stock investments. In general, Asset Advisors concentrates on U.S. Stocks traded on U.S. Exchanges and some American Depository Receipts (ADRs). In general, these stock accounts will attempt to be "fully" invested, but diversified.

Asset Advisors' analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate rating services, and timing services. Recommendations for or purchases of investments will be based on publicly available reports and analysis. Recommendations will be based on reports and analysis of performance and mutual fund managers, and certain computerized and other models for asset allocation and investment timing.

The Advisor may recommend the services of itself, its Advisory Representatives in their individual capacities as investment managers, registered securities representatives, insurance agents and tax preparers, as well as other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Advisor recommends its own services.

Any professional referrals (*i.e.*, insurance agencies/agents, accounting professionals, legal professionals, etc.) are *solely* a courtesy and the Advisor receives no direct or indirect compensation as a result of referrals. The client is welcome but is never under any obligation to act upon any of the recommendations made by the Advisor under a consulting engagement and/or engage the services of any such recommended

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

professional, including the Advisor itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Advisor's recommendations.

It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.

B. MATERIAL RISKS INVOLVED

Asset Advisors takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict the movement of the economy.

No single strategy can be relied upon to outperform the market.

As previously disclosed, Asset Advisors generally utilizes long-term trading and short-term trading for its Investment Management clients. Clients utilizing the Advisor's Stock Trading program will normally engage in short-term trading strategies.

Asset Advisors generally seeks to utilize investment strategies that are designed to capture market rates of both return and risk.

Frequent trading, such as can occur in the Advisor's Stock Trading Service, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. This type of investment strategy is not appropriate for an investor with limited resources, limited investment or trading experience, and low risk tolerance. An investor should not fund these trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet living expenses.

It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.

C. RISKS OF SPECIFIC SECURITIES UTILIZED

Asset Advisors generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity markets.

Asset Advisors generally designs portfolio strategies for the long-term, unless otherwise specifically requested in writing.

Investments in individual stocks can be risky. Some risks can be controlled and some risks can be guarded against but no investment strategy can carry guarantees from loss. Certain market risks cannot be controlled, such as market or economic

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

conditions. Certain strategies may be employed to adjust portfolios or the Advisor and client may agree to hold the portfolio's course.

Investments in ETFs and mutual funds may bear a risk of investment loss. Clients who invest should also be prepared to bear a loss of investment proceeds.

Thoughtful investment selections that meet a client's stated goals and risk profile may help keep individual stock and bond risks at an acceptable level.

There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate.

The following is an overview of the types of bond risks that one should consider: Interest rate risk; reinvestment risk; inflation risk; mark risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates.

If the bond is called at or close to par value, investors who paid a premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called. Additionally, there may be a liquidity risk involved if investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume. Additional risks for corporate and municipal bonds may include: Credit risk; default risk; event risk and duration risk.

Asset Advisors' Advisory Representatives may recommend variable annuity products. Variable annuities are designed to be long-term investments to meet retirement and other long-range goals. Variable annuities are tax-deferred, meaning that the investor pays no taxes on the income and investment gains from the annuity until the funds are withdrawn. Investors may also transfer funds from one investment option to another within a variable annuity without paying tax at the time of the transfer. When funds are withdrawn from a variable annuity, however, they are subject to tax on the earnings at ordinary income tax rates rather than lower capital gains rates. In general, the benefits of tax deferral will outweigh the costs of a variable annuity only if the annuity is held as a long-term investment to meet retirement and other long-range goals. Other investment vehicles, such as IRAs and employer-sponsored 401(k) plans, also may provide tax-deferred growth and other tax advantages. For most investors, it will be advantageous

**METHOD OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**
(continued)

to make the maximum allowable contributions to IRAs and 401(k) plans before investing in a variable annuity. Additionally, if an investor purchases a variable annuity through a tax-advantaged retirement plan (such as a 401(k) plan or IRA), there is no additional tax advantage from the variable annuity. Under these circumstances, investors should consider purchasing a variable annuity only if it makes sense because of the annuity's other features, such as lifetime income payments and death benefit protection. The tax rules that apply to variable annuities can be complicated. Before investing, clients may wish to consult their personal tax advisor.

The financial strength of the insurance company that sponsors a variable annuity should be a consideration. This can affect the company's ability to pay any benefits that are greater than the value of your account in mutual fund investment options, such as a death benefit, guaranteed minimum income benefit, long-term care benefit, or amounts you have allocated to a fixed account investment option.

Lastly, variable annuities involve several types of charges. These charges will reduce the value of the client's account and the return on the investment. These charges may include, but are not limited to: Surrender charges, fees related to mortality and expenses, administrative fees, underlying fund expenses, fees and charges for other features (such as a stepped-up death benefit or guaranteed minimum income benefit, as examples), initial sales loads or fees for transferring part of a purchaser's account from one investment option to another, may also apply. Investors should ensure they understand the charges involved, ask questions and be certain to review the product's prospectus.

In connection with tax-free "1035" exchanges, these can be useful if another annuity has features that you prefer, such as a larger death benefit, different annuity payout options, or a wider selection of investment choices. However, a purchaser may be required to pay surrender charges on the old annuity if the purchaser is still in the surrender charge period. Additionally, a new surrender charge period generally begins when the purchaser exchanges into the new annuity. Further, the new annuity may have higher annual fees and charges than the old annuity, which will reduce returns. Clients are encouraged to talk to their tax adviser and review these considerations with the Advisory Representative in an effort to make sure a contemplated exchange will be tax-free. If a client should surrender the old annuity for cash and then buy a new annuity, the client should have to pay tax on the surrender.

Past performance is not a guarantee of future returns. Investing in securities involves A risk of loss that all clients should be prepared to bear.

ITEM 9: DISCIPLINARY INFORMATION

A. Neither Asset Advisors nor any of our employees has had any civil or criminal actions brought against them.

B. Asset Advisors has not had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

In March 2011, Asset Advisors and Carl Gill received notice of an SEC investigation questioning the firm's compliance procedures concerning various record keeping, privacy, technical custody rules and other rules but nothing to do with any allegations of actual misuse or misapplication of client funds. The Company/Registrant has already responded to the SEC's concerns by updating among others its policies and procedures manual and other documents to comply with the SEC's alleged compliance deficiencies. The SEC has as of this date taken no action other than to send a deficiency letter related to a December 2009 audit (the letter wasn't sent by the SEC until June 2010) and taken the sworn testimony of Carl Gill the Managing Member of Asset Advisors concerning the alleged compliance deficiencies. We believe that no irreparable harm was caused by the alleged deficiencies and that we have or are addressing all the issues raised.

C. Asset Advisors has not had any proceedings before a self-regulatory organization.

Information pertaining to Advisory Representatives and any disciplinary/disclosure data can be found in the Representatives' ADV Part 2B Brochure which accompanies this Brochure.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. REGISTRATION AS A BROKER/DEALER OR BROKER/DEALER REPRESENTATIVE

Asset Advisors is not registered as a broker/dealer.

B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISOR

Neither Asset Advisors nor its representatives are registered as a FCM, CPO or a CTA.

C. REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST

Asset Advisors does not maintain registration relationships with any of the following:

- municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

Asset Advisors does not operate and does not have a material relationship with a hedge fund or other type of private pooled investment vehicle.

The Advisory Representatives of Asset Advisors are Registered Representatives of Professional Asset Management, Inc., ("*PAM*"), a registered broker/dealer and Member of the Financial Industry Regulatory Authority, Inc., ("*FINRA*"). PAM is a diversified financial services company engaged in the sale of investment products. The Advisory Representatives of Asset Advisors may recommend securities or insurance products offered by PAM, and will receive the normal commissions if products are purchased through them; Thus a conflict of interest exists between their interests and those of advisory clients. Clients are welcome but are never under any obligation to purchase products recommended by Advisory Representatives or to purchase products either through Asset Advisors or PAM.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

(continued)

Clients may incur other fees to unaffiliated third parties such as retirement plan administrative fees, deferred sales charges on mutual funds initially deposited into the account, 12(b)(1) fees and other mutual fund fees as described in the Prospectus of each fund. The client will bear charges and the fees/charges of other programs which may involve investments in mutual funds. This also applies to programs that may maintain cash balances in money market funds. In addition, some mutual funds may pay annual distribution charges, the aforementioned "12(b)(1) fees" which come from fund assets, and thus, indirectly from client assets. Since those Advisory Representatives who are Registered Representatives of a broker/dealer may receive a commission on load funds, this may represent incentive to recommend load funds in favor of funds without a load.

The Advisory Representatives of Asset Advisors may be licensed insurance agents. Insurance products are available to clients for personal, estate and business needs. This activity may vary throughout the year but may account for approximately 5-10% of Advisory Representatives' time. Insurance products are often recommended to help minimize clients' exposure to identified risks. Clients are never obligated but are welcome to purchase insurance products through the Advisor's licensed agents. For clients who do purchase such products causing commissions to be generated, such commissions are paid to the Advisory Representatives. Clients are welcome to implement recommendations, in whole or in part, through the insurance agent or company of their choice.

Carl Gill owns Asset Advisors & Tax, LLC, an income tax preparation firm. While the time spent on this activity may vary throughout the year, it may account for up to 2% of his time which is involved in the coordination of services (not preparing taxes). Clients are welcome to engage this firm's services under a separate agreement, but clients are never obligated to do so.

Timo Nicholaou, an Advisory Representative of Asset Advisors, is a licensed mortgage lending agent. While the time spent on these activities may vary throughout the year, they may account for up to 2% of his time.

Mr. Nicholaou operates a separate entity, Consolidated Financial Management and Tax Service, an income tax preparation firm. While the time spent on this activity may vary throughout the year, it may account for up to 2% of his time. Clients are welcome to engage this firm's services under a separate agreement, but clients are never obligated to do so.

D. SELECTION OF OTHER ADVISORS OF MANAGERS AND HOW THIS ADVISOR IS COMPENSATED FOR THOSE SELECTIONS

As discussed in the Advisory Services section of this Brochure, the Advisor may recommend that clients authorize the active discretionary management of all or a portion of their assets by and/or among certain Independent Manager(s), based upon the stated investment objectives of the client.

**OTHER FINANCIAL INDUSTRY ACTIVITIES
AND AFFILIATIONS**
(continued)

When selecting an Independent Manager for a client, the Advisor undertakes a review of the Independent Manager such as its disclosure statement and/or material supplied by the Independent Manager. The Advisor may also utilize third party information for information about the Independent Manager's investment strategies, past performance and risk results to the extent available.

Asset Advisors receives its own portion of the asset-based advisory fees charged to the client in accordance with the written agreement between the client, the Independent Manager and with the Advisor.

Clients are welcome but are never under any obligation to utilize any service provider that may be recommended.

**ITEM 11: CODE OF ETHICS, PARTICIPATION OR
INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING**

A. CODE OF ETHICS

Asset Advisors takes the issue of regulatory compliance seriously and is committed to maintain compliance with federal and applicable state securities laws. Additionally, Asset Advisors has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

Asset Advisors places great value on ethical conduct. Therefore, the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Advisor.

Clients may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Advisor, Asset Advisors is a fiduciary to each and every client. As fiduciaries, Investment Advisors owe their clients several specific duties.

According to the SEC (and state securities regulators), an Investment Advisor's fiduciary duties include:

- ❖ Providing advice that is suitable;
- ❖ Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Advisor and about investment recommendations);

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS AND PERSONAL TRADING**

(Continued)

- ❖ The utmost and exclusive loyalty and good faith;
- ❖ Best execution of transactions under the available circumstances;
- ❖ The Advisor's reasonable care to avoid ever misleading clients;
- ❖ Only acting in the best interests of clients.

It is Asset Advisors' policy to protect the interests of each of the Advisor's clients and to place the clients' interests first and foremost in each and every situation. Asset Advisors abides by honest and ethical business practices to include, but is not limited to:

- ❖ The Advisor will not induce trading in client accounts that is excessive in size or frequency in view of the financial resources and character of the account.
- ❖ Asset Advisors will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- ❖ Asset Advisors and Advisory Representatives will not borrow money from clients.
- ❖ Asset Advisors will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information the Advisor receives.
- ❖ The Advisor will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer that is not licensed, based upon information available to the Advisor.
- ❖ The Advisor's access persons will report all required personal securities transactions to the Chief Compliance Officer as required by securities rules and regulations. Reportable trades for this Advisor include all but the following exceptions:
 - Transactions effected pursuant to an automatic investment plan;
 - Securities held in accounts over which the access person has no direct or indirect influence or control;
 - Transactions and holdings in direct obligations of the Government of the United States;

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS AND PERSONAL TRADING**

(Continued)

- Money market instruments. bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;
- Shares of money market funds;
- Transactions and holdings in shares of mutual funds are not reportable, since the Advisor does not have a material relationship with an investment company which would otherwise require reporting;
- Transactions in units of a unit investment trust are not reportable if the unit investment trust is invested exclusively in unaffiliated mutual funds.

All applicable securities rules and regulations will be strictly enforced. Asset Advisors will not permit and has instituted controls against insider trading.

The Advisor emphasizes the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where the Advisor is granted discretionary authority over the client's accounts, clients are welcome to set investment parameters and/or limitations in writing and such direction is followed until such time the client's instructions are amended in writing.

Advisory Representatives and administrative personnel who do not follow the Advisor's Code of Ethics or who in any way violate securities rules and regulations, or who fail to report known or suspected violations will be disciplined or terminated, depending upon severity. Such persons could also face action by the SEC and/or state securities regulators.

Clients are welcome to request a copy of the Advisor's Code of Ethics by contacting the Advisor's office.

B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS

Asset Advisors does not recommend that clients buy or sell any security in which any of Asset Advisors' related persons have a material financial interest other than cases where the representatives may have similar holdings due to similar investment plans (as noted in the next section) or in the case of securities sales, where the interest is limited to sales commissions.

C. INVESTING PERSONAL MONIES IN THE SAME SECURITIES AS CLIENTS

Asset Advisors and/or individuals associated with Asset Advisors may have similar investment goals and objectives and as a result the interests of the Advisor or related persons' accounts may coincide with (or be different from) the interests of clients' accounts; however at no time will the Advisor or any related person receive an added

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS AND PERSONAL TRADING**

(Continued)

benefit or advantage over clients with respect to these transactions. In every case, the interests of clients will always be placed ahead of the Advisor and its staff.

The Advisor has established written policies and procedures for staff persons who may invest personal monies. The Investment Advisor will not permit insider trading and has established written policies and procedures pertaining to insider trading and other duties. All applicable rules of the State of Michigan's Uniform Securities Act of 2002 and the anti-fraud provisions of the Investment Advisors Act of 1940 (the "Act") will be strictly enforced. The Chief Compliance Officer is in charge of monitoring the personal trading of the Advisor's personnel.

D. TRADING SECURITIES AT/AROUND THE SAME TIME AS CLIENTS' SECURITIES

The Advisor has established written policies and procedures for staff persons ("access persons") who may invest personal monies. Asset Advisors and its Advisory Representatives acknowledge the Advisor's fiduciary responsibility to place the investment needs of clients ahead of the Advisor and its staff. The interests of clients are held in the highest regard. At no time will the Advisor or any related person receive an added benefit or advantage over clients with respect to these transactions. The Advisor and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

The staff of Asset Advisors shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

Carl Gill, the Chief Compliance Officer of Asset Advisors, is responsible for the monitoring of personal trading conducted by staff.

When the Advisor is purchasing or considering for purchase any security on behalf of a client, an access person of the Advisor may only effect a transaction in that security with prior written approval from the Advisor's Chief Compliance Officer. Asset Advisors does not invest its clients in thinly traded securities. Similarly, when the Advisor is selling or considering the sale of any security on behalf of a client, no access person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security without the written approval from the Chief Compliance Officer (via a "pre-clearance form"). These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

ITEM 12: BROKERAGE PRACTICES

A. FACTORS USED TO SELECT CUSTODIANS AND/OR BROKER/DEALERS

Financial Planning clients are welcome to utilize the service provider(s) of their choice and are welcome to implement recommendations in whole or in part, entirely at their discretion. Where transactions in securities take place away from the Advisor's preferred service providers, Asset Advisors and its Representatives will not be able to provide assistance or participate in these transactions.

Asset Advisors is a fee-based Investment Management firm.

The Advisory Representatives of Asset Advisors are Registered Representatives of Professional Asset Management, Inc., ("PAM"), a registered securities broker/dealer providing a full range of financial products to clients, including stocks, bonds and mutual funds. Advisory Representatives may therefore recommend PAM. PAM clears securities trades through First Clearing, LLC.

Headquartered in St. Louis, Missouri, First Clearing, LLC (FCC) provides quality securities-execution and brokerage-clearance services retail securities firms throughout the United States. FCC is also a member of the New York Stock Exchange, NASDAQ, and other major exchanges.

Asset Advisors also recommends the services of TD Ameritrade. Asset Advisors is independently owned and operated and not affiliated with TD Ameritrade. TD Ameritrade provides Asset Advisors with access to its institutional trading and custody services, which are typically not available to TD Ameritrade's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a the Advisor maintains the minimum level of managed assets at TD Ameritrade, *and are not otherwise contingent upon Advisor committing to TD Ameritrade any specific amount of business (assets in custody or trading)*. TD Ameritrade's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Factors which the Advisor considers in recommending TD Ameritrade to clients include the firm's respective financial strength, reputation, execution, pricing, research, and service.

The commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other broker-dealers. The Advisor believes that excellent customer service and trade execution available through its preferred services provider is superior to most non-service oriented and internet-based brokers that may otherwise be available to the general public. TD Ameritrade features a broad line of products and services that may be suitable to many types of investors with varying investable assets.

The commissions paid by the Advisor's clients shall comply with the Advisor's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the

BROKERAGE PRACTICES

(Continued)

Advisor determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Advisor will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

In addition to the above information, Asset Advisors recognizes its duty to obtain best price and execution for its clients under the circumstances available. The decision to recommend the preferred service provider is based upon the customer service provided to investors and the services available to the Advisor and providing such recommendation is consistent with the Advisor's fiduciary duty to the client. The Advisor also considers its experience with the service providers, the providers' reputation, and the quality of execution services and costs. While it is possible that clients may pay higher commissions or transaction fees through its preferred service provider, the Advisor has determined it currently offers the best overall value to the Advisor and clients for the brokerage and technology provided.

For Asset Advisors' client accounts maintained in its custody, TD Ameritrade generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade accounts.

The Advisor periodically reviews other alternatives that are available to the Advisor market. TD Ameritrade is a large and sophisticated order sender and has thus far continued to provide excellent service to the Advisor and its clients.

At times, under the Prime Broker Program or similar termed service, the custodian may effect clients' over-the-counter securities transactions on an agency basis. Typically, the custodian executes transactions based upon a number of factors. These include: Size of order, trading characteristics of the security, favorable execution prices, access to reliable data, availability of efficient transaction processing and possible price reductions. In filling these orders, the service provider may transact with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark-up/down the price of securities for which it makes a market, which is a cost that will be incurred by the client in addition to any agency commissions assessed by the client's service provider. Normally, best price and execution is obtained for over-the-counter securities transactions by executing directly with the market maker on a principal basis. Therefore, in some cases, clients may incur transaction costs, in addition to any commissions charged by their services provider, when trades in over-the-counter securities are effected on their behalf through that broker on an agency basis. Therefore, in certain cases, a security may be purchased through another service provider and in such cases, the security purchased is then transferred to the client account at the client's selected custodian, and a "trade away" delivery fee is assessed to the client account. Broker custody of client assets may limit or eliminate the Advisor's ability to obtain best price and execution of transactions in over-the

BROKERAGE PRACTICES

(Continued)

counter securities.

The Advisor's choice to utilize the service provider's Prime Broker Program or similarly termed service available through the selected service provider may limit or eliminate the Advisor's ability to obtain best price and execution in each case.

In certain cases, a security may be purchased through another service provider and in such cases, the security purchased is then transferred to the client account at TD Ameritrade, and a "trade away" delivery fee is assessed to the client account. Clients are welcome to direct use of their preferred service provider, in which case the Advisor may not be able to provide best execution, because of limitations that may be placed on the Advisor by the client's service provider.

1. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Asset Advisors receives no research, product or service other than execution from a broker/dealer or third-party in connection with client securities transactions. The Advisor does not receive any "soft dollar" benefits.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers ("TD Ameritrade") in return for investment research products and/or services which assist the Advisor in its investment decision-making process. Such research generally will be used to service all of the Advisor's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

The Advisor may receive from TD Ameritrade, without cost to the Advisor, computer software and related systems support, which allow the Advisor to better monitor client accounts maintained at TD Ameritrade. The Advisor may receive the software and related support without cost because the Advisor renders Investment Management services to clients that maintain assets at TD Ameritrade.

TD Ameritrade may also provide the Advisor with other services intended to help the Advisor manage and further develop its business enterprise. These services may include general consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services to the Advisor by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Advisor. While as a fiduciary, the Advisor endeavors to act in its clients' best interests, Asset Advisors' recommendation that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to Asset Advisors of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest. The

BROKERAGE PRACTICES

(Continued)

Advisor has no written or verbal arrangements whereby it receives soft dollars.

The software and related systems support may benefit the Advisor, but not its clients directly. In fulfilling its duties to its clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Advisor's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence the Advisor's choice of broker/dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from TD Ameritrade through its institutional division: Receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its TD Ameritrade Advisor participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; the ability to coordinate advisory fee deductions from accounts, and access to an electronic communication network for client order entry and account information.

2. BROKERAGE FOR CLIENT REFERRALS

Asset Advisors receives no referrals from a broker/dealer or third party in exchange for using that broker/dealer or third party.

3. CLIENTS DIRECTING WHICH BROKER/DEALER/CUSTODIAN TO USE

Clients are welcome to utilize the service provider of their choice, and in such cases, where trades are placed away from the Advisors' service providers, Advisory Representatives may not participate or assist in these transactions.

B. AGGREGATION (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS

When possible, the Advisor will aggregate securities transactions ("block trading"). Due to the individualized nature of services, however, large orders of securities are not always consistent with the nature of the Advisor's services. Aggregation is undertaken in firms processing large orders of securities in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. In each case, the Advisor strives to allocate investment opportunities or trades among its clients in a manner that is fair and equitable and based upon the client investment objectives.

Normally, under this procedure, transactions will generally be averaged as to price and allocated according to the Advisor's standard allocation procedure. This procedure considers the circumstances of each trade and always strives for fairness and cost-effectiveness to the client. In most cases when the Advisor executes only a partial fill of a targeted buy order, allocations will prioritize complete fills for clients with the most available cash as a percentage of portfolio assets. Likewise, when the Advisor executes

BROKERAGE PRACTICES

(Continued)

only a partial fill of a targeted sell order, allocations will prioritize complete fills for clients with the least available cash as a percent of portfolio assets. To the extent that the Advisor determines to aggregate client orders for the purchase or sale of securities, including securities in which the Advisor's Advisory Representatives may invest, the Advisor shall normally do so in accordance with applicable rules promulgated under the SEC's Investment Advisors Act and no-action guidance provided by the staff of the SEC to the extent they are compliant with the State of Michigan's Uniform Securities Act of 2002. An allocation statement will be prepared and any special circumstances or conditions will be outlined in connection with each event. The Advisor shall not receive any additional compensation or remuneration as a result of the aggregation.

Certain issues may impact the Advisor's allocation under the particular circumstances and in such cases, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Clients are encouraged to discuss any questions that may arise regarding investment policies throughout the course of our engagement.

The Advisor receives no additional benefit as a result of the proposed aggregation.

Trade error policy: On rare occasions, trade errors may occur. Nevertheless, if a trade error occurs, it is the Advisor's policy to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss.

TD Ameritrade's policy on trade errors is to reimburse clients for any loss if the amount is \$100 or less. If the loss is greater than \$100 the Advisor will reimburse the client for a loss. Gains from trade errors under \$100 will be maintained by TD Ameritrade to minimize and offset its administrative time and expense. Gains over \$100 will be credited to the Advisor's trade error account.

If an investment gain results from the correcting trade, the gain will be credited to your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and decide to forego the gain (e.g., due to tax reasons).

Generally, if related trade errors result in both gains and losses in your account, they may be netted.

ITEM 13: REVIEW OF ACCOUNTS

A. FREQUENCY AND NATURE OF PERIODIC REVIEWS AND WHO CONDUCTS THE REVIEWS

Investment Management Services. Asset Advisors' ongoing Investment Management Services involve continuous services to include frequent monitoring and internal review of portfolio assets. The timing of reviews is guided by the client's stated objectives or at the Advisor's discretion. The underlying assets of client portfolios are generally reviewed internally on at least a monthly or quarterly basis, but reviews of underlying assets may occur as often as daily, with the frequency relative to the types of holdings. Individual portfolio reviews may also occur at the time of significant new deposits or withdrawals, during substantial changes in market conditions, at the Advisor's discretion, at a stated client's request, or according to the interval agreed upon at the time of engagement. Reviews entail analysis of securities, asset allocation, sensitivity to various markets, investment results and other factors as determined by the reviewers.

Asset Advisors requests that clients meet with the Advisor at least annually, but as previously noted, clients are obligated to immediately inform the Advisor of any changes in their financial, personal, or investment situation which could require an immediate review/revision of the client's investment plan.

Financial Planning Services are project based pursuant and to the terms of the Client Agreement will automatically terminate upon the delivery of services. While the advice provided may include the recommendation of follow-up services or annual reviews, the client is welcome to secure any additional services under a new or amended Agreement, if desired.

B. REVIEWERS

Reviews are conducted by Advisory Representatives under the supervision of Carl Gill, the Managing Member and Chief Compliance Officer of the Advisor.

C. FACTORS THAT WILL TRIGGER NON-PERIODIC REVIEWS OF CLIENT ACCOUNTS

The timing of Internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Advisor, market conditions and the request of the client.

Reviews may also be triggered by material market, economic or political events. Reviews are likely to be triggered by reported changes in the client's financial situation (which may include but are not limited to: Termination of employment, physical relocation, inheritance or retirement).

REVIEW OF ACCOUNTS

(Continued)

D. CONTENT AND FREQUENCY OF REGULAR REPORTS PROVIDED TO CLIENTS

Clients can expect to receive confirmation statements from all transactions and monthly account statements directly from the custodial brokerage firm. Clients receive confirmation statements from all transactions and a monthly statement, directly from their custodian. The custodian's quarterly reports detail account value, net monthly change, portfolio holdings, and all account activity.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)

Asset Advisors is a fee-based Registered Investment Advisor does not receive any economic benefit, directly or indirectly from any third party in connection with advice rendered to Asset Advisors clients.

As previously disclosed, the Advisory Representatives of Asset Advisors are Registered Representatives of Professional Asset Management, Inc., ("PAM"), a registered broker/dealer and Member of the Financial Industry Regulatory Authority, Inc., ("FINRA"). The Advisory Representatives of Asset Advisors may recommend securities or insurance products offered by PAM, and will receive the normal commissions if products are purchased through them; Thus a conflict of interest exists between their interests and those of advisory clients. Clients are welcome but are never under any obligation to purchase products recommended by Advisory Representatives or to purchase products either through Asset Advisors or PAM.

Clients may incur other fees to unaffiliated third parties such as retirement plan administrative fees, deferred sales charges on mutual funds initially deposited into the account, 12(b)(1) fees and other mutual fund fees as described in the Prospectus of each fund. The client will bear charges and the fees/charges of other programs which may involve investments in mutual funds. This also applies to programs that may maintain cash balances in money market funds. In addition, some mutual funds may pay annual distribution charges, the aforementioned "12(b)(1) fees" which come from fund assets, and thus, indirectly from client assets. Since those Advisory Representatives who are Registered Representatives of a broker/dealer may receive a commission on load funds and a portion of these fees, this may represent incentive to recommend load funds in favor of funds without a load.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION
(Continued)

As previously disclosed, Advisory Representatives of Asset Advisors are also independently licensed insurance agents appointed with various insurance companies and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. These services do not constitute a significant portion of Advisory Representatives' time, however while it is possible that licensed personnel could be eligible to receive additional compensation from insurance companies in the form of sales awards or prizes, it is not likely. Should this information change materially, this section of this Brochure will be promptly amended to reflect current data relating to these outside business activities and receipt of other incentives. Additionally, these activities will be monitored by the Chief Compliance Officer.

B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS

Asset Advisors does not directly or indirectly compensate any person who is not part of Asset Advisors' advisory personnel in connection with advisory services.

ITEM 15: CUSTODY

Asset Advisors does not take custody of client accounts (funds or securities) at any time. Custody of clients' accounts is held at TD Ameritrade, First Clearing, LLC or the client's selected custodial firm. Clients will receive regular and customary account statements from the custodian and should carefully review those statements.

In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s).

The Advisor will only have access to custodial accounts in order to implement trades via written authorization and to deduct Investment Management fees and only with the appropriate client authorization. In each instance where fee deduction occurs, it is important that clients receive custodial statements directly. If clients find that statements are not being received directly, they must promptly contact Asset Advisors and their custodial firm.

The Advisor does not accept fees in excess of \$500 or more for services to be performed more than six months in advance.

ITEM 16: INVESTMENT DISCRETION

Clients engaging the Advisor for Investment Management, the Classic Service for 401(k) Accounts and Stock Trading Services have the ability to leave standing instructions with the Advisor to refrain from investing in particular industries, invest in limited amounts of securities and to re-balance portfolios (also termed as “*trading discretion*” or “*limited discretion*”).

With the client’s authorization as provided in the custodial account forms and the Advisor’s Client Agreement, Asset Advisors can maintain limited discretionary authority to execute securities transactions in the investor’s portfolio within investor’s designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. Asset Advisors will never have full power of attorney nor will the Advisor ever have authority to withdraw funds or to take custody of investor funds or securities other than the ability to deduct advisory fees via investor’s qualified custodian and only with client authorization.

The Advisor also may render non-discretionary Investment Management services to its clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual accounts held through employer-sponsored retirement plans. In so doing, the Advisor either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client’s retirement plan.

Investments and service providers relative to retirement plan offerings are limited to only those available through the respective plans and are determined by the plan sponsor(s).

ITEM 17: VOTING CLIENT SECURITIES (PROXIES)

Clients retain the authority to vote proxies. The Advisor requests that investors ensure that proxy ballots are mailed directly to each investor or an authorized third party. The Advisor will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

ITEM 18: FINANCIAL INFORMATION

A. BALANCE SHEET

Asset Advisors does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance of services and therefore is not required to include a balance sheet with this brochure.

ITEM 18: FINANCIAL INFORMATION
(Continued)

**B. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE
ADVISOR'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO
CLIENTS**

Neither Asset Advisors nor its management have any financial conditions that are likely to reasonably impair the Advisor's ability to meet contractual commitments to clients.

C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS

Asset Advisors has not been the subject of a bankruptcy petition.
Asset Advisor's managing Member has not been the subject of a bankruptcy petition.

ITEM 19: STATE REGULATED ADVISER DATA

A. Formal Education and Business Background Information

B. Outside Business Activities

The disclosure information relating to Items A & B above are located in the attached ADV Part 2B Brochures.

C. Performance-Based Fees.

As outlined on Item 6 this brochure, Asset Advisors' fees are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract).

D. Disciplinary / Disclosure Information

Data relating to disciplinary and/or disclosure events is outlined in the attached ADV Part 2B brochures.

E. Relationships or Arrangements with Issuers of Securities.

Asset Advisors and its Advisory Representatives do not have any relationships or arrangements with issuers of securities.

ASSET ADVISORS, LLC

FORM ADV PART 2B
INDIVIDUAL DISCLOSURE BROCHURE

for

CARL D. GILL

This brochure provides information about Carl Gill that supplements the Asset Advisors, LLC Brochure.

Please contact the office of Asset Advisors via the contact information listed below if you did not receive Asset Advisors' ADV 2A brochure or if you have any questions about the contents of this supplement.

Registration does not imply a certain level of skill or training.

Additional information about Asset Advisors, LLC and Carl Gill is also available on the SEC's website at www.Advisorinfo.sec.gov.

The CRD Number for Carl Gill is: 1076361

**3310 W. Big Beaver
Suite 127
Troy, MI 48084
(248) 649-4759
www.assetadvisorsllc.com**

Version Date 4/18/2011

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

CARL GILL

MANAGING MEMBER AND CHIEF COMPLIANCE OFFICER

YOB 1954

Examinations and Professional Designations:

MI: Life, Disability and Variable Contracts Insurance Licenses

FINRA: Series 7 and Series 63

NASAA: Series 65

Education:

Oakland Community College, Attended; Business Major

Business:

Asset Advisors, LLC, Troy, MI

Managing Member, Chief Compliance Officer

Registered Investment Advisor 12/99 - Present

Professional Asset Management, Inc., Bloomfield Hills, MI

Registered Representative

Broker/Dealer 1/00 - Present

Leonard & Co, Troy, MI, Registered Representative

Broker/Dealer 5/98 –12/99

J. L. Hudson, Troy, MI, Sales

Retailer 4/98 – 5/98

Carl D. Gill, Troy, MI, Sole Proprietor

Insurance 1/98 – 4/98

VESTAX, Troy, MI, Registered Representative

Broker/Dealer 1/96 – 1/98

Society for Lifetime Planning, Troy, MI, Financial Planner

Financial Planning Firm 5/96 – 2/97

First of Michigan, Southfield, MI, Registered Representative

Broker/Dealer 3/84 –12/98

Carl Gill
(Continued)

DISCIPLINARY INFORMATION

In the past 25 years of service in the financial services industry, Mr. Gill has no record of investment-related civil litigation or criminal actions.

In 1985, Carl Gill was involved in a self-regulatory organization proceeding as a result of a letter he sent to clients/prospective clients that was not previously approved by the brokerage firm's compliance department and contained inaccurate information. Mr. Gill consented to a New York Stock Exchange censure. He was fined \$2,000 and his registration was suspended for two months. The broker/dealer permitted him to resign.

Carl Gill has not been involved in any disciplinary proceedings.

Mr. Gill has received one formal client complaint in connection with a variable annuity. The matter arose in 2007 and did not involve arbitration. The matter was settled in 2007 with a monetary contribution.

Carl Gill has not been involved in any administrative proceedings before the SEC or any other federal, state or foreign regulatory authorities.

In March 2011, Asset Advisors and Carl Gill received notice of an SEC investigation questioning the firm's compliance procedures concerning various record keeping, privacy, technical custody rules and other rules but nothing to do with any allegations of actual misuse or misapplication of client funds. The Company/Registrant has already responded to the SEC's concerns by updating among others its policies and procedures manual and other documents to comply with the SEC's alleged compliance deficiencies. The SEC has as of this date taken no action other than to send a deficiency letter related to a December 2009 audit (the letter wasn't sent by the SEC until June 2010) and taken the sworn testimony of Carl Gill the Managing Member of Asset Advisors concerning the alleged compliance deficiencies. We believe that no irreparable harm was caused by the alleged deficiencies and that we have or are addressing all the issues raised.

Disclosure background on representatives can be located via the Financial Industry Regulatory Authority's ("FINRA") BrokerCheck system which is located at the following link: www.finra.org/brokercheck

Data is also available on the SEC's website at www.advisorinfo.sec.gov

OTHER BUSINESS ACTIVITIES

Asset Advisors is solely engaged in the delivery of financial and investment advisory services.

Carl Gill
(Continued)

Carl Gill is a Registered Representative of Professional Asset Management, Inc., (“PAM”), a registered broker/dealer and Member of the Financial Industry Regulatory Authority, Inc., (“FINRA”). PAM is a diversified financial services company engaged in the sale of investment products. In this capacity, Mr. Gill may recommend securities or insurance products offered by PAM, and will receive the normal commissions if products are purchased through them; Thus a conflict of interest exists between his interests and those of advisory clients. Clients are welcome but are never under any obligation to purchase products recommended by Advisory Representatives or to purchase products either through Asset Advisors or PAM. For clients who do purchase such securities resulting in commissions to be generated, such commissions are paid to Carl Gill.

Carl Gill is separately licensed as an independent insurance agent. Insurance products are available to clients for personal, estate and business needs. While the time spent on this activity may vary throughout the year, this activity may account for approximately 10% of Mr. Gill’s time during market hours. Insurance products may be recommended to clients of Asset Advisors to help minimize clients’ exposure to identified risks. Clients are welcome but are never under any obligation to purchase insurance products or utilize any company or product that may be recommended. For clients who do purchase such products causing commissions to be generated, such commissions are paid to Carl Gill, as a licensed agent. Clients are welcome to implement recommendations, in whole or in part, through the insurance agent or company of their choice.

Carl Gill owns Asset Advisors & Tax, LLC, an income tax preparation firm. While the time spent on the coordination of these services (no tax prep), may vary throughout the year, it may account for up to 2% of his time. Clients are welcome to engage this firm’s services under a separate agreement, but clients are never obligated to do so.

ADDITIONAL COMPENSATION

Carl Gill is the Managing Member and Chief Compliance Officer of Asset Advisors. Other than salary and other compensation, Mr. Gill does not receive any other compensation in connection with his association with Asset Advisors.

SUPERVISION

As Managing Member and Chief Compliance Officer of Asset Advisors, Carl Gill maintains a vested interest in the firm’s internal compliance and risk management program. Mr. Gill is in charge of supervising the day-to-day activities of the Advisor and its personnel. Clients are welcome to contact the Chief Compliance Officer with questions or concerns in connection with staff monitoring or the Advisor’s internal compliance program. Mr. Gill’s contact information is listed on the cover page of this Brochure and the cover the Advisor’s ADV Part 2A.

Item 7: State Regulated Advisors
Additional Disclosure Data

Carl Gill has not been involved in any arbitration claims, civil or administrative proceedings. Mr. Gill was the subject of a 2 month suspension and \$2,000 fine in 1985 as described in this brochure.

Mr. Gill has never been the subject of a bankruptcy petition.

ASSET ADVISORS, LLC

FORM ADV PART 2B INDIVIDUAL DISCLOSURE BROCHURE

for

TIMOLEON “TIMO” L. NICHOLAOU

*This brochure provides information about Timo Nicholaou
that supplements the Asset Advisors, LLC Brochure.*

*Please contact the office of Asset Advisors via the contact information
listed below if you did not receive Asset Advisors’ ADV 2A brochure
or if you have any questions about the contents of this supplement.*

Registration does not imply a certain level of skill or training.

*Additional information about Asset Advisors, LLC
and Timo Nicholaou is also available on the SEC’s website
at www.Advisorinfo.sec.gov.*

The CRD Number for Timo Nicholaou is: 1245517

**3310 W. Big Beaver
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Troy, MI 48084
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www.assetadvisorsllc.com**

Version Date 4/18/2011

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

TIMOLEON (“TIMO”) NICHOLAOU, ADVISORY REPRESENTATIVE
YOB: 1957

Secondary Education:

B.S., Hospital Administration, Ferris State University
M.B.A., Business, Central Michigan University
CFP® Candidate (Certified Financial Planner™), Oakland University

Examinations and Professional Designations:

MI: Life, Disability and Variable Contracts Insurance Licenses,
FINRA: Series 7 and 63
NASAA: Series 65

Business:

Asset Advisors, LLC, Troy, MI, Advisory Representative
Registered Investment Advisor March 2011 – Present
Previous affiliation: January 2009 – October 2010

Professional Asset Management, Inc., Bloomfield Hills, MI
Registered Representative
Broker/Dealer 2009 - Present

Consolidated Financial Management and Tax Service, Inc., Rochester Hills, MI
President
Insurance and Tax Preparation Services 2006 – Present

National Discount Mortgage, Rochester Hills, MI
Mortgage Originator
Mortgage Firm 2004 - Present

Leonard & Company, Troy, MI, Registered Representative
Broker/Dealer 1997 – 2004

Saperston Financial, Inc., Buffalo, NY, Registered Representative
Broker/Dealer 1994 – 1996

First of Michigan Corporation, Detroit, MI, Registered Representative
Broker/Dealer 1989 - 1994

DISCIPLINARY INFORMATION

Timo Nicholaou has no record of investment-related legal events.

Mr. Nicholaou's record under FINRA, a self-regulatory organization, does contain five client complaints during his associated with prior broker/dealer firms. Two complaints are listed in the FINRA BrokerCheck system for 2002 and two more for 2003. The record reflects two complaints listed for the period of 1988 – 1995.*

Mr. Nicholaou has not been involved in any issues involving criminal or civil actions; administrative proceedings before the SEC or any other federal or foreign regulatory authorities.

In 1996, Mr. Nicholaou was involved in a self-regulatory organization proceeding in conjunction with his affiliation with Merrill Lynch, Pierce, Fenner & Smith, Inc. Due to a series of customer complaints after voluntarily resigning from Merrill Lynch, Pierce, Fenner & Smith, Inc., the New York Stock Exchange (NYSE) determined an investigation was warranted. The NYSE determined a one-year suspension along with one year special supervision. This process was appealed by the Representative but in conjunction with a new career path, he remained unregistered for a period of over two years, thus meeting the terms of the suspension.

Mr. Nicholaou was thereafter censured by the State of Michigan in 1999. A Consent Order of strict supervision was issued with a censure of six months conditional summary suspension if conditions of the order were not met. On 8/27/97, a previous consent order of supervision was agreed to by Mr. Nicholaou to keep the Michigan regulator apprized of any new pending securities complaints. However, on 7/21/98, a complaint was initiated against the registered representative and he failed to notify the regulator was a violation of Section 204(A)(1)(B) of the Michigan Securities Act.

* Disclosure background on representatives can be located via the Financial Industry Regulatory Authority's ("FINRA") BrokerCheck system which is located at the following link: www.finra.org/brokercheck

Data is also available on the SEC's website at www.advisorinfo.sec.gov

(Continued)

OTHER BUSINESS ACTIVITIES AND OTHER COMPENSATION

Timo Nicholaou is a Registered Representative of Professional Asset Management, Inc., (“PAM”), a registered broker/dealer and Member of the Financial Industry Regulatory Authority, Inc., (“FINRA”). PAM is a diversified financial services company engaged in the sale of investment products. In this capacity, Mr. Nicholaou may recommend securities or insurance products offered by PAM, and will receive the normal commissions if products are purchased through them; Thus a conflict of interest exists between his interests and those of advisory clients. Clients are welcome but are never under any obligation to purchase products recommended by Advisory Representatives or to purchase products either through Asset Advisors or PAM. For clients who do purchase such securities resulting in commissions to be generated, such commissions are paid to Mr. Nicholaou.

Timo Nicholaou is separately licensed as an independent insurance agent. Insurance products are available to clients for personal, estate and business needs. While the time spent on this activity may vary throughout the year, this activity may account for approximately 10% of Mr. Nicholaou's time during market hours. Insurance products may be recommended to clients of Asset Advisors to help minimize clients' exposure to identified risks. Clients are welcome but are never under any obligation to purchase insurance products or utilize any company or product that may be recommended. For clients who do purchase such products causing commissions to be generated, such commissions are paid to Mr. Nicholaou, as a licensed agent.

Timo Nicholaou is separately engaged in providing tax preparation services. These services are separate and distinct from the services offered by Asset Advisors. Clients are welcome but are never obligated to engage Mr. Nicholaou for tax preparation services. Tax preparation services are offered via a separate engagement.

Timo Nicholaou is separately engaged as a licensed mortgage lending agent. These services are separate and distinct from the services offered by Asset Advisors. While the time spent on this activity may vary throughout the year, it normally involves less than 2% of his time. These services are available via a separate engagement.

SUPERVISION

Carl Gill, as Managing Member and Chief Compliance Officer of Asset Advisors, maintains a vested interest in the firm's internal compliance and risk management program. Mr. Gill is in charge of supervising the day-to-day activities of the Advisor and its personnel. The Advisor takes the issue of compliance and risk management seriously. Clients are welcome to contact the Chief Compliance Officer with questions or concerns in connection with staff monitoring or the Advisor's internal compliance program. Mr. Gill's contact information is listed on the cover page of this Brochure.

Item 7: State Regulated Advisors Additional Disclosure Data

In conjunction with prior client complaints, as disclosed in this Brochure, Mr. Nicholaou has been involved in prior arbitration claims during his association with other financial services firms. Kindly reference the client complaint disclosure information contained in this brochure. Additionally, as previously noted in this Brochure, Mr. Nicholaou was the subject of a self-regulatory proceeding in 1996 and was censured by the State of Michigan in 1999.

Mr. Nicholaou has not ever been the subject of a bankruptcy petition.