

Calder Investment Advisors

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March 22, 2011

Comment [ACM1]: [Instruction for Item 1.](#)

A. The cover page of your *brochure* must state your name, business address, contact information, website address (if you have one), and the date of the *brochure*.

Note: If you primarily conduct advisory business under a name different from your full legal name, and you have disclosed your business name in Item 1.B of Part 1A of Form ADV, then you may use your business name throughout your *brochure*.

Display on the cover page of your *brochure* the following statement or other clear and concise language conveying the same information, and identifying the document as a "brochure".

C. If you refer to yourself as a "registered investment adviser" or describe yourself as being "registered," include a statement that registration does not imply a certain level of skill or training.

Ascendant Comment: Rule 204-3(e) of the Investment Advisers Act provides. "Other disclosure obligations. Delivering a brochure or brochure supplement in compliance with this section does not relieve you of any other disclosure obligations you have to your advisory clients or prospective clients under any federal or state laws or regulations."

The sample language provided includes the statement referenced in response to instruction C. above.

This Brochure provides information about the qualifications and business practices of Calder Investment Advisors. If you have any questions about the contents of this Brochure, please contact us at 616-235-2442 or email dirk@calderadvisors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Calder Investment Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Calder Investment Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated March 23, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

On February 1, 2011 we hired Patrick Newcombe. Pat’s main focus will be on providing fee only financial planning services to current and future clients of Calder Investment Advisors. More detailed information about Pat will be discussed later in this brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Dirk Racette at 616-235-2442 or dirk@calderadvisors.com. Our brochure is also available on our web site www.calderadvisors.com, free of charge.

Additional information about Calder Investment Advisors is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Calder Investment Advisors who are registered, or are required to be registered, as investment adviser representatives of Calder Investment Advisors.

Comment [ACM2]: Instruction for Item 2.

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

Note: You do not have to separately provide this information to a *client* or prospective *client* who has not received a previous version of your *brochure*.

Ascendant Comment: See Rule 204-3 of the Investment Advisers Act for specific delivery obligations to new clients, and obligations for ongoing and annual delivery. Rule 204-3 has been significantly amended and requires that new policies and procedures be implemented. Ascendant’s suggested language is designed to explain to clients the transition to the new ADV Part 2 brochure format. Future updates to brochures will require specific information noted above in the SEC instructions.

Item 3 -Table of Contents

Comment [ACM3]: Instruction to Item 3. Provide a table of contents to your *brochure*.
Note: Your table of contents must be detailed enough so that your *clients* can locate topics easily. Your *brochure* must follow the same order, and contain the same headings, as the items listed in Part 2A.
Ascendant Comment: Do not delete any of the 19 specific Item Headings in the Template. Each Heading is required, except Item 19 which SEC registered advisers should delete. You may further use the outline feature for any Item to indicate subheadings as you deem necessary.

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Item 4 – Advisory Business

Overview

Calder Investment Advisors was founded in 1988 as an independent fee only investment advisory firm. We work only for our clients and are not affiliated with any insurance companies, banks, or brokers. We seek to avoid all conflicts of interest and place the interests of our clients first at all times. The principal owners of our firm are Dirk Racette, Robert Stark, and Steve Westdorp.

Investment Advice

Calder Investment Advisors provides “investment supervisory services” to a broad range of investors, both institutional (retirement plans, foundations, endowments) and individuals, on a discretionary and non-discretionary basis. Our total assets under management as of December 31, 2010 is broken down as follows:

Discretionary management	\$ 183,800,000
Non-discretionary management	\$ 8,800,000
Total	\$ 192,600,000

For our managed accounts we formulate and implement an investment program that is considered prudent, appropriate, and suitable to the nature of the account and Calder’s general understanding of the client’s general characteristics and risk tolerance.

Calder also provides comprehensive financial planning services to individuals and their families. We understand how interconnected financial decisions are with each other and how important it is to look at the big picture, which is why we offer a coordinated set of financial planning services designed to be as comprehensive as possible.

Calder does not participate in any wrap fee programs.

Item 5 – Fees and Compensation

Clients whose assets are invested in the shares of mutual funds will pay both a direct management fee to Calder Investment Advisors and indirectly to the advisors of the mutual fund which reduces the net asset value of the funds’ shares. Fees are computed as a percentage of the fair market value of each portfolio, are billed quarterly and are payable in advance.

Comment [ACM4]: Instruction for Item 4.

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Notes: (1) For purposes of this item, your principal owners include the *persons* you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held. (3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *client*...

[1]

Comment [ACM5]: Instruction to Item 5.

Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Note: If you are an SEC-registered adviser, you do not need to include this information in a *brochure* that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

Describe whether you deduct fees from *clients’* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

[2]

The schedule is:

Amount	Percentage Annually
Up to \$1,000,000	1.00%
\$1,000,000 - \$2,000,000	0.60%
Over \$2,000,000	0.40%

Calder's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that can be charged by the custodian (example Fidelity Investments) which shall be incurred by the client. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Calder's fee, and **Calder does** not receive any portion of these commissions or other charges.

Fees for retirement plans may be different depending on the level of assets in the plan, number of participants, number of physical locations, and structure of our investment management responsibilities and servicing.

Client fees are generally deducted directly from client accounts on a quarterly basis. Clients do have the option to pay their investment advisory fees by check.

Most accounts pay a minimum fee of \$1,000; however, accounts may be accepted for less than the suggested minimum.

Refunds upon termination of the contract are made pro rata based upon time remaining in the quarter for which payment has been received. Contracts may be terminated by either party upon written notice.

Financial planning services as well as advice and counsel for specific advice issues not involving an ongoing relationship will be billed at the hourly rate of \$150; payable when the service is rendered.

All fees are subject to negotiation.

Termination Policy

A client agreement may be cancelled at any time, by either party, for any reason, upon receipt of written notice. Upon termination, all prepaid, unearned fees will be returned within thirty days. All asset management agreements are entered into for a twelve-month period, unless termination action is taken.

Item 12 further describes the factors that Calder Investment Advisors considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees

Calder Investment Advisors does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Calder Investment Advisors provides “investment supervisory services” to a broad range of investors, both institutional (retirement plans, foundations, endowments) and individuals, on a discretionary and non-discretionary basis. Some of the types of retirement plans we provide advisory services for are 401k Profit Sharing, Simple Plans, 403b Plans, and Defined Benefit Plans. For individuals the type of accounts include taxable, Traditional IRA, Roth IRA, SEP IRA, and trust accounts.

Generally, an account minimum of \$100,000.00 is required. However, this figure may be negotiable, depending upon the client’s objectives and the nature of the account and anticipated future contributions.

Comment [ACM6]: **Instruction to Item 7.** Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.
Ascendant Comment: Be sure this response is consistent with Form ADV Part 1, Item 5.D.

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

Investment Philosophy

We believe that every investment has risk and offers potential rewards.

We believe it is important to help clients evaluate their goals and risk tolerance, and to develop an investment strategy that addresses both. Investing in securities involves risk of loss that clients should be prepared to bear.

We believe that setting a target allocation and periodically re-allocating to control risk and improve tax efficiencies is an excellent strategy.

We believe that using mutual funds managers with a broad mandate that enables them to have the flexibility to invest in areas of the market with the best long term value will maximize long term investment returns.

Investment Strategy

Most people do not have the time, talent, or desire to manage the investments in their account. That is why Calder Investment Advisors offers five diversified, managed

Comment [ACM7]: **Instruction to Item 8.**
A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.
B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.
Ascendant Comment: Various mutual fund and private fund prospectuses should serve as important sources of sample disclosure for this Item. Also review and consider your Investment Committee records.

investment portfolios. We can use these in combination with any unique personal requirements that a client brings to us.

Each managed model portfolio is established based on a specific asset allocation. Once you select an asset allocation model, Calder Investment Advisors does the rest. We handle the selection of individual investments, allocate your assets into investments with various style characteristics, rebalance the account to maintain asset allocation, and replace poor performing investments in the portfolio as is necessary.

Everyone can benefit from active management of his or her investment portfolio. No more struggling over asset allocation and individual investment decisions on an ongoing basis. Calder Investment Advisors takes care of all these worries.

The five managed portfolios are Capital Preservation, Moderate Growth, Wealth Building, Equity Strategies, and Market Leaders.

Option #1 – Capital Preservation Strategy

Objective: Seeks the preservation of principal with moderate current income and limited appreciation potential.

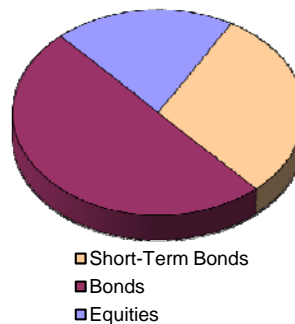
Investor Profile:

- Investors with short-to intermediate-term goals (2-3 years)
- Those who are interested in protecting the amount of money they invest
- Those who want some growth as a hedge against inflation

Model Allocation

Equities	20%
Bonds	50%
Short-Term Bond Funds	30%

Asset Allocation



Option #2 – Moderate Growth Strategy

Objective: Seeks the protection against inflation through intermediate-term asset growth.

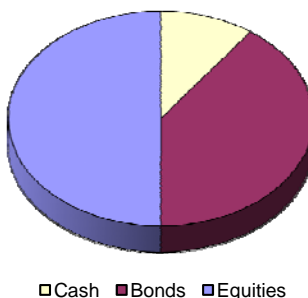
Investor Profile

- Investors with intermediate-term goals (4-6 years)
- Those seeking more stability in “up” and “down” markets than stocks alone provide
- Investors who want to build their capital and protect the value of their portfolio against inflation without experiencing large swings in portfolio value

Model Allocation

Equities	50%
Bonds	40%
Money Market Funds	10%

Asset Allocation



Option #3 – Wealth Building Strategy

Objective: Seeks long-term capital appreciation, recognizing that short-term fluctuation in portfolio value may occur.

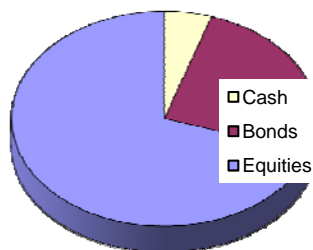
Investor Profile

- Customers with long-term goals (7+ years)
- Those more interested in beating inflation
- Those less concerned with current income
- Investors seeking a diversified approach to wealth accumulation

Model Allocation

Equities	70%
Bonds	25%
Money Market Funds	5%

Asset Allocation



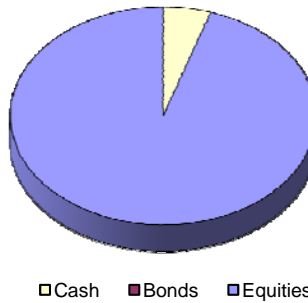
Option #4 – Equity Strategies

Objective: Seeks strong capital appreciation over a long investment horizon; the aggressive mix of 95% equity securities will produce high short-term fluctuation in asset value.

Investor Profile

- Investors with long-term goals
- Investors with other investments providing adequate diversification
- Those who can ride out frequent shifts in portfolio values
- Those seeking maximum growth of their assets
- Those who want the highest potential return from a long-term investment

Asset Allocation



Model Allocation

Equities	95%
Bonds	0%
Money Market Funds	5%

Option #5 – Market Leaders

Objective: Seeks to invest in the best performing asset classes at all times. To meet this objective will require a more actively managed account than the other strategies. Since this strategy can result in more frequent trading, trading costs can have a negative impact on performance.

Investor Profile

- Those seeking a well defined, disciplined investment strategy that is more proactive and responds to market changes.
- Those seeking maximum growth of their assets
- Investors with long-term goals

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Calder Investment Advisors or the integrity of Calder Investment Advisors management. Calder Investment Advisors has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose all material facts regarding any other financial industry activities and affiliations. Calder Investment Advisors has no information applicable to this Item.

Item 11 – Code of Ethics

Calder Investment Advisors has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Calder Investment Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

Calder Investment Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Calder Investment Advisors has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Calder Investment Advisors, its affiliates and/or clients, directly or indirectly, have a position of interest. Calder Investment Advisors's employees and persons associated with Calder Investment Advisors are required to follow Calder Investment Advisors's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Calder Investment Advisors and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Calder Investment Advisors's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Calder Investment Advisors will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Calder Investment Advisors's clients. In addition, the Code requires pre-clearance of many

Comment [ACM8]: Instruction to Item 9.

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events. Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed. Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management pers* ... [3]

Comment [ACM9]: Instruction to Item 10.

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.
B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.
C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it. ... [4]

Comment [ACM10]: Instruction to Item 11.

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.
B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.
Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an ... [5]

transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between **Calder Investment Advisors** and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Calder Investment Advisors's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Calder Investment Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Calder Investment Advisors's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Dirk Racette.

It is **Calder Investment Advisors's** policy that the firm will not affect any principal or agency cross securities transactions for client accounts. **Calder Investment Advisors** will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Item 12 – Brokerage Practices

For discretionary clients, Calder Investment Advisors requests that it be provided with written authority to determine which securities are bought or sold and the amounts thereof. In certain situations, we may also be given the authority to determine the broker or dealer used and the commission rate paid.

For selection of the broker or dealer and the commission rates paid, Calder Investment Advisors will select those brokers or dealers which will provide the best services at the lowest commission rates possible. Brokers are chosen to execute transactions for a variety of reasons. Brokers who provide ongoing services such as price quotations, stock information, etc. are used. The reasonableness of commissions are based on the broker's

Comment [ACM11]: Instruction to Item 12.

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. **Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

Note: Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients'* interest in receiving most favorable execution.

c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your *clients'* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

Note: This description must be specific enough for your *clients* to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

f. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits you received.

[6]

ability to provide professional services, e.g. best execution, competitive commission rates, research or other services which will help the applicant in providing investment management services to the clients. Ongoing research on a wide range of securities is obtained from broker(s) who maintain large research departments. An annual level of commissions required to obtain such services is agreed upon. The current minimum commission fee at Fidelity for securities trans. (common & pfd. stocks & bonds) is \$7.95 per share for all accounts that have agreed to receive correspondence electronically and for accounts over \$1 million. For accounts that elect to receive paper information and accounts under \$1 million pay \$17.95 per trade. While all clients may benefit from such research, commissions to pay the agreed upon sum may come from only a portion of the accounts under management. All commissions are negotiated. Commissions are continuously checked to insure that the agreed upon rate is being maintained. A smaller discount may be applied to transactions of small size and/or difficult to market securities.

Many clients, when undertaking an advisory relationship, already have their own brokers and they will instruct applicant to execute all transactions through the same. At times, we may suggest the use of certain brokers to a client in need of assistance. Recommendations are based on past experience with these brokers and their professional qualifications. However, no client is under any obligation to affect trades through any recommended broker. Calder Investment Advisors does not receive research soft dollars or other products and services (other than execution) from a broker-dealer or a third party in connection with client securities transactions.

Item 13 – Review of Accounts

Calder Investment Advisors periodically reviews client accounts or financial plans. These reviews will vary depending on the type of client account we are managing including the clients time horizon. Since our client data is downloaded electronically into our Morningstar Portfolio Management System on a daily basis many accounts are reviewed as much as daily or at least on a weekly basis. Client contact takes place via phone, email or personal meeting and in most cases a personal meeting takes place at least annually with other forms of contact taking place throughout the year.

The nature of the review will include but are not limited to such things as:

- Compare current overall allocation in equities and fixed income to investment strategy agreed to.
- Compare current overall allocation to a potential new allocation based on changes to the client's current situation. Changes to a client's situation could be of a financial nature, health issues, or family conditions.

Comment [ACM12]: Instruction to Item 13.

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised* persons who conduct the review.

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Ascendant Comment: Cross-reference your response about reports provided to clients with information about custody required in Item 15.

- Overall market discussion including economic conditions to determine if a change is warranted to the client's investment allocation or overall strategy.

Accounts are reviewed continuously by the compliance officer. Calder also has an investment committee with 7 members that meets the 1st and 3rd Tuesday of every month at 10:00 A.M. The committee reviews current market research, recommended mutual fund holdings, and account performance.

Clients will receive reports from our Morningstar Office System. Each report consists of an updated appraisal of securities and cash showing cost, market value, and a summary of the appraisal showing percentage of total account by asset category and percentage yield of each. Also supplied is a change in market value which details: (contributions/withdrawals/expenses), (income and dividends), and (realized/unrealized gains and losses).

Item 14 – Client Referrals and Other Compensation

We compensate a limited number of other professionals who refer clients to our firm for investment advisory services. These referral fees are paid in accordance with rules promulgated by the Securities and Exchange Commission for client solicitations. If you were referred to us by one of these professionals, then you should have received a copy of this Part II of Form ADV and a copy of a separate solicitor's disclosure brochure describing our relationship with the professional making the referral. The professional making the referral has a potential conflict of interest in making the referral due to the compensation he or she receives for the referrals although our fee is not any higher because of the referral fee that is paid. The amount of compensation is a percentage of the fees clients pay to our Firm during the entire duration of our client relationship. The percentage varies among these professionals and is disclosed in the separate disclosure document you should have received from the person who referred you to us.

Item 15 – Custody

Clients receive a monthly statement from the broker dealer, bank or other qualified custodian (Fidelity Investments is our primary custodian) that holds and maintains client's investment assets. Calder Investment Advisors urges you to carefully review such statements and compare such official custodial records to the account statements and other information that we may provide to you from our Morningstar Office System. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Comment [ACM13]: Instruction to Item 3.

A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

Note: If you compensate any *person* for *client* referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.

Comment [ACM14]: Instruction to Item 15.

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Ascendant Comment: According to our reading of Rule 206(4)-2 of the Investment Advisers Act, an adviser is only required to *urge* such a comparison between its statements and the qualified custodian's statements if an adviser has authority to open accounts on clients' behalfs (e.g., adviser has general power of attorney, acts as trustee, or other circumstances). However, this instruction imposes a broader disclosure obligation for Item 15. Remember that for these purposes SEC registered advisers are deemed to have custody based solely on the ability to debit advisory fees.

Item 16 – Investment Discretion

For discretionary clients, Calder Investment Advisors requests that it be provided with written authority to determine which securities are bought or sold and the amounts thereof. When selecting securities and determining amounts, Calder Investment Advisors observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Calder Investment Advisors' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. In certain situations, we may also be given the authority to determine the broker or dealer used and the commission rate paid.

Investment guidelines and restrictions by the client must be provided to Calder Investment Advisors in writing.

Item 17 – Voting Client Securities

Proxies are received in the mail and are voted at www.proxyvote.com. In most cases we vote "for" on the proxy unless the proxy involves an unusual vote that requires additional research as determined by the Compliance Officer and Investment Committee. Clients may obtain a copy of Calder Investment Advisors's complete proxy voting policies and procedures upon request.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Calder Investment Advisors's financial condition. Calder Investment Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Comment [ACM15]: Instruction to Item 16.
If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (*e.g.*, execution of a power of attorney).

Comment [ACM16]: Instruction to Item 17.
A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

Comment [ACM17]: Instruction to Item 18.
A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.
1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Note: If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your *brochure*.

Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.

B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clie* ... [7]

Brochure Supplement for G. Dirk Racette-Part 2B from ADV

G. Dirk Racette, Chief Executive Officer & Senior Portfolio Manager

- Born in 1961.
- Received a Bachelor of Science in Business Administration from Aquinas College in 1983.
- Passed the CPA exam in 1988.
- Received CPA certificate in 1989.
- Successfully completed in 2010 the Series 65 –Uniform Investment Advisor Law Exam to become licensed as an Investment Advisor Representative.

Business Experience:

- 2007 – Present. Chief Executive Officer and Senior Portfolio Manager for Calder Investment Advisors (Michigan)
- 1998 – 2007. Treasurer, Chief Financial Officer and Senior Portfolio Manager for Stokes & Stocking, Inc. (Michigan)
- 1996-1998. VP of Finance and Portfolio Manager for Stocking Securities Corp. (Michigan)
- 1987-1996. Senior Manager for Rehmann Robson, a CPA firm (Michigan)
- 1983-1987. Controller for Buys MacGregor & Co., a broker-dealer (Michigan)

Brochure Supplement for Robert R. Stark-Part 2B from ADV

Robert R. Stark, President & Senior Portfolio Manager

- Born in 1943.
- Received a Bachelor of Arts & Communication from Michigan State University in 1965.
- Successfully completed in 2010 the Series 65 –Uniform Investment Advisor Law Exam to become licensed as an Investment Advisor Representative.

Business Experience:

- 2007 – Present. President and Senior Portfolio Manager for Calder Investment Advisors (Michigan)
- 1999 – 2007. President and Senior Portfolio Manager for Stokes & Stocking, Inc. (Michigan)
- 1999-1999. Assistant Vice President for McDonald Investments. (Michigan)
- 1997-1999. President for ItrinSync Technology (Michigan)
- 1988-1997. Second Vice President for Michigan National Bank (Michigan)

Brochure Supplement for Steven Westdorp-Part 2B from ADV

Steven Westdorp, Shareholder/Director

- Born in 1951.
- Received a Bachelor of Business Administration in 1973 from Calvin College.
- Steve has not yet successfully completed the Series 65 –Uniform Investment Advisor Law Exam to become licensed as an Investment Advisor Representative. Consequently, he has no client contact regarding investment advice and is not involved in an capacity in the dispensing of investment advice.

Business Experience For Preceding 5 Years:

- June 2007 – Present. Director for Calder Investment Advisors (Michigan)
- February 1996-Present. Medical Practice Consultant for Grand Management Group (Michigan)

Other Business Activities – Steve is also the majority owner of Grand Management Group which provides accounting, tax and consulting services. Other than Steve’s ownership the two firms are not related.

Brochure Supplement for Thomas D. Glover-Part 2B from ADV

Thomas D. Glover, Portfolio Manager/VP of Finance

- Born in 1964.
- Received a Bachelor of Science degree in Accounting from Calvin College in 1986.
- Received a Masters in Business Administration from Western Michigan University in 1994.
- Completed the CFP® approved coursework at the College for Financial Planning and passed the CFP® exam in 2004.

Business Experience For Preceding 5 Years:

- 2007 – Present. Portfolio Manager and VP of Finance for Calder Investment Advisors (Michigan)
- 2000 – 2007. Portfolio Manager and VP of Finance for Stokes & Stocking, Inc. (Michigan)

Brochure Supplement for Marcia Force-Part 2B from ADV

Marcia Force, Portfolio Manager/Operations Manager

- Born in 1973.
- Received a Bachelor of Business Administration in Finance from Grand Valley State University in 2010.
- Successfully completed in January 2011 the Series 65 –Uniform Investment Advisor Law Exam to become licensed as an Investment Advisor Representative.

Business Experience For Preceding 5 Years:

- 2010 – Present. Operations Manager and Portfolio Manager for Calder Investment Advisors
- 2007 – 2010. Operations Manager for Calder Investment Advisors (Michigan)
- 1998 – 2007. Operations Manager for Stokes & Stocking, Inc. (Michigan)

Brochure Supplement for Patrick Newcombe-Part 2B from ADV

Patrick Newcombe, Vice-President, Financial Planning Group

- Born in 1947.
- Received a Bachelor of Arts in Psychology from Aquinas College in 1969.
- Completed the CFP® approved coursework at Grand Valley State University and passed the CFP® exam in 2006.

Business Experience For Preceding 5 Years:

- February 2011 – Present. Vice President, Financial Planning Group for Calder Investment Advisors (Michigan).
- July 2005 to January 2011. Wealth Management Advisor for TIAA-CREF, East Lansing (Michigan).
- April 2003 to June 2005. Financial Service Advisor for VALIC Financial Advisors, Grand Rapids (Michigan).

Brochure Supplement for Theodore Fuger-Part 2B from ADV

Theodore Fuger, Jr., Portfolio Manager/Analyst

- Born in 1930.
- Received a Bachelor of Arts from Yale in 1953.
 - Became a Chartered Financial Analyst (CFA) in 1968.

Business Experience For Preceding 5 Years:

- June 2007 – Present. Portfolio Manager/Analyst for Calder Investment Advisors (Michigan)
- June 2001 to June 2007. Portfolio Manager/Analyst for Stokes & Stocking, Inc. (Michigan)

Brochure Supplement for Charles Schuler-Part 2B from ADV

Charles Schuler, Portfolio Manager/Analyst

- Born in 1962.
- Received a Bachelor of English from Notre Dame in 1984.
- Received a Master's of Social Work in 1987.
- Successfully completed in 2010 the Series 65 –Uniform Investment Advisor Law Exam to become licensed as an Investment Advisor Representative.

Business Experience For Preceding 5 Years:

- November 2007 – Present. Portfolio Manager/Analyst for Calder Investment Advisors
- May 1998- October 2007. Investment manager of family member accounts for Schuler, LLC.

Instruction for Item 4.

- A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Notes: (1) For purposes of this item, your principal owners include the *persons* you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held. (3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.

- B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.
- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.
- D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.
- E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a non-*discretionary basis*. Disclose the date “as of” which you calculated the amounts.

Note: Your method for computing the amount of “*client* assets you manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “*client* assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your *brochure* in response to this Item 4.E.

Ascendant Comments: Amended Rule 204-2 of the Investment Advisers Act requires you to create and maintain a record describing how you calculated assets under management differently than in Item 5.F. of Form ADV, Part 1A, if applicable.

Be sure that your business description is consistent with your investment advisory agreements and marketing materials.

Instruction to Item 5.

Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Note: If you are an SEC-registered adviser, you do not need to include this information in a *brochure* that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If

Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

Note: If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.

Instruction to Item 9.

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated,

calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a *management person*
1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
 2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
 3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
 4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.
- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which your firm or a *management person*
1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
 2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
 - (a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business;
 - (b) barring or suspending your firm's or a *management person's* association with an *investment-related* business;
 - (c) otherwise significantly limiting your firm's or a *management person's* *investment-related* activities; or
 - (d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.
- C. A *self-regulatory organization (SRO)* *proceeding* in which your firm or a *management person*
1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
 2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a *management person* to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the *person involved* in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).

- B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.
- C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.
1. broker-dealer, municipal securities dealer, or government securities dealer or broker
 2. 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)
 3. other investment adviser or financial planner
 4. futures commission merchant, commodity pool operator, or commodity trading advisor
 5. banking or thrift institution
 6. accountant or accounting firm
 7. lawyer or law firm
 8. insurance company or agency
 9. pension consultant
 10. real estate broker or dealer
 11. sponsor or syndicator of limited partnerships.
- D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Instruction to Item 11.

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.
- B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.
- Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.
- C. If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.
- D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Note: The description required by Item 11.A may include information responsive to Item 11.B,

not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not “reportable securities” under SEC rule 204A-1(e)(10) and similar state rules.

Ascendant Comment: State registered investment advisers should review their applicable state regulations regarding the requirement to have a Code of Ethics.

Instruction to Item 12.

- A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).
1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create. **Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.
- a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.
 - b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients’* interest in receiving most favorable execution.
 - c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.
 - d. Disclose whether you use soft dollar benefits to service all of your *clients’* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.
 - e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

Note: This description must be specific enough for your *clients* to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

- f. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits you received.

2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients’* interest in receiving most favorable execution.
- b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

3. Directed Brokerage.

- a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest,

b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

Note: If your *clients* only have directed brokerage arrangements subject to most favorable execution of *client* transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

Ascendant Comment: Ascendant's experienced personnel may be retained to assist with your required regulatory disclosures.

Page 11: [7] Comment [ACM17]

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Instruction to Item 18.

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.
1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
 2. Show parenthetically the market or fair value of securities included at cost.
 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Note: If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your *brochure*.

Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.

- B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

Note: With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the *state securities authorities*, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per *client*, six months or more in advance.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.